



四川藍光嘉寶服務集團股份有限公司  
SICHUAN LANGUANG JUSTBON SERVICES GROUP CO., LTD.

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

Stock Code: 2606

## GLOBAL OFFERING



Joint Sponsors



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



# IMPORTANT

*If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.*



JUSTBON

嘉宝股份

**SICHUAN LANGUANG JUSTBON SERVICES GROUP CO., LTD.**

**四川藍光嘉寶服務集團股份有限公司**

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

## GLOBAL OFFERING

Number of Offer Shares	:	42,916,200 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	4,291,800 H Shares (subject to adjustment)
Number of International Offer Shares	:	38,624,400 H Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	HK\$39.00 per H Share, plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%, payable in full on application subject to refund on final pricing
Nominal Value	:	RMB1.00 per H Share
Stock Code	:	2606

### Joint Sponsors



**華泰金融控股(香港)有限公司**  
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED



**農銀國際**  
ABC INTERNATIONAL

### Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



**華泰金融控股(香港)有限公司**  
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED



**農銀國際**  
ABC INTERNATIONAL



**國泰君安國際**  
GUOTAI JUNAN INTERNATIONAL

### Joint Bookrunners and Joint Lead Managers



**安信國際**  
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**兴证国际**  
INDUSTRIAL SECURITIES INTERNATIONAL



**中國銀河國際**  
CHINA GALAXY INTERNATIONAL



**申萬宏源香港**  
SHENWAN HONGYUAN



**第一上海**  
FIRST SHANGHAI GROUP

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in Appendix VI "Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Representatives (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or about Friday, October 11, 2019 and, in any event, not later than Wednesday, October 16, 2019. The Offer Price will be not more than HK\$39.00 and is currently expected to be not less than HK\$30.60. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum offer price of HK\$39.00 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK\$39.00. If, for any reason, the Joint Representatives (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price, the Global Offering will not proceed and will lapse.

The Joint Representatives (on behalf of the Underwriters, and with our consent) may reduce the number of Offer Shares and/or the indicative Offer Price range that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction in the number of Offer Shares and/or the indicative offer price range will be published on our website [www.justbon.com.cn](http://www.justbon.com.cn) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections entitled "Structure of the Global Offering — Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, then such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investments in PRC-incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our H Share. Such differences and risk factors are set out in "Risk Factors," "Appendix III — Summary of Principal PRC and Hong Kong Legal and Regulatory Provision" and "Appendix IV — Summary of the Articles of Association" to this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Joint Representatives (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange. Such grounds are set out in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

Prior to making an investment decision, prospective investors should consider carefully all the information set forth in this prospectus, including but not limited to the risk factors set forth in the section entitled "Risk Factors" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that the Offer Shares may be offered, sold or delivered in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act.

October 8, 2019

## EXPECTED TIMETABLE<sup>(1)</sup>

Latest time for completing electronic applications under <b>HK eIPO White Form</b> service through the designated website <a href="http://www.hkeipo.hk">www.hkeipo.hk</a> <sup>(2)</sup>	11:30 a.m. on Friday, October 11, 2019
Application lists open <sup>(3)</sup>	11:45 a.m. on Friday, October 11, 2019
Latest time for lodging <b>WHITE</b> and <b>YELLOW</b> Application Forms	12:00 noon on Friday, October 11, 2019
Latest time for completing payment of <b>HK eIPO White Form</b> applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, October 11, 2019
Latest time for giving <b>electronic application instructions</b> to HKSCC <sup>(4)</sup>	12:00 noon on Friday, October 11, 2019
Application lists close <sup>(3)</sup>	12:00 noon on Friday, October 11, 2019
Expected Price Determination Date <sup>(5)</sup>	Friday, October 11, 2019
(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Thursday, October 17, 2019
(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus	Thursday, October 17, 2019
(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Hong Kong Stock Exchange at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> and our website at <a href="http://www.justbon.com.cn">www.justbon.com.cn</a> from	Thursday, October 17, 2019
Results of allocations in the Hong Kong Public Offering will be available at <a href="http://www.tricor.com.hk/ipo/result">www.tricor.com.hk/ipo/result</a> or <a href="http://www.hkeipo.hk/iporesult">www.hkeipo.hk/iporesult</a> with a "search by ID" function from	Thursday, October 17, 2019
Dispatch/collection of H Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before <sup>(6)</sup>	Thursday, October 17, 2019
Dispatch/collection of refund cheques and <b>HK eIPO White Form</b> e-Auto Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before <sup>(7)</sup>	Thursday, October 17, 2019
Dealings in the H Shares on the Hong Kong Stock Exchange expected to commence on	Friday, October 18, 2019

## EXPECTED TIMETABLE<sup>(1)</sup>

The application monies (including the brokerages, SFC transaction levies and Hong Kong Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Thursday, October 17, 2019. Investors should be aware that the dealings in the H Shares on the Stock Exchange are expected to commence on Friday, October 18, 2019.

*Notes:*

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for lodging applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day of lodging applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, October 11, 2019, the application lists will not open on that day. Please refer to the section headed “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
- (4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for the Hong Kong Offer Shares — 6. Applying by Giving **Electronic Application Instructions** to HKSCC via CCASS” in this prospectus.
- (5) The Price Determination Date is expected to be on or about Friday, October 11, 2019 and, in any event, not later than Wednesday, October 16, 2019. If, for any reason, the Offer Price is not agreed by Wednesday, October 16, 2019 between our Company and the Joint Representatives (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.
- (6) H Share certificates for the Hong Kong Offer Shares are expected to be issued on Thursday, October 17, 2019 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects, and neither of the Underwriting Agreements has been terminated in accordance with its terms, prior to 8:00 a.m. on the Listing Date, which is expected to be on or around Friday, October 18, 2019. Investors who trade the H Shares on the basis of publicly available allocation details before the receipt of share certificates or before the share certificates becoming valid certificates of title do so entirely at their own risk.
- (7) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessfully applications and in respect of successful applications if the Offer Price is less than the price payable on application.

**The above expected timetable is a summary only. You should refer to the sections headed “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.**

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## IMPORTANT NOTICE TO INVESTORS

*This prospectus is issued by Sichuan Languang Justbon Services Group Co., Ltd. solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.*

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, Joint Global Coordinators and Joint Bookrunners, any of the Underwriters, any of our or their respective directors, officers or representatives, or any other person or party involved in the Global Offering.*

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## SUMMARY

***This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.***

***There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section entitled “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.***

### BUSINESS OVERVIEW

We are a leading property management service provider in Southwest China and Sichuan Province with a fast growth track record. In Southwest China and Sichuan Province, we had a total GFA under management of approximately 41.6 million sq.m. and 33.4 million sq.m., respectively, as of December 31, 2018, which ranked us fourth and first, respectively, among the Top 100 Property Management Companies in China in 2019 in terms of GFA under management in these two regions as of the same date, according to CIA. According to CIA, we were ranked first and 11th among the Top 100 Property Management Companies of Sichuan Province and China in 2019, respectively, in terms of overall strength\*. Through organic growth as well as mergers and acquisitions, we achieved rapid business expansion during the Track Record Period. Our GFA under management increased from approximately 24.2 million sq.m. as of December 31, 2016 to approximately 60.6 million sq.m. as of December 31, 2018, representing a CAGR of 58.2%, compared to the average CAGR of the Top 100 Property Management Companies of 16.7% for the same period, and further increased to approximately 63.3 million sq.m. as of June 30, 2019.

We have won various honors and awards in recognition of our industry-leading brand and competitiveness. We were recognized as a “2019 Specialized Operational Leading Brand of China Property Services Company (2019中國物業服務專業化運營領先品牌企業)” by CIA with a brand value of approximately RMB4.0 billion. In 2019, we received the “Leading Property Management Companies in terms of Characteristic Service (中國特色物業服務領先企業)” award in recognition of our quality community life service and commercial asset operation. Please refer to the section entitled “Business — Awards and Recognition” in this prospectus. In addition, we have been the vice president of the China Property Management Institute since June 2010.

To standardize our management, increase our shares’ liquidity and promote our corporate image, we listed our shares on the NEEQ in December 2015. Along with the rapid growth of our business in the past years, we plan to further strengthen our corporate governance, raise our brand awareness and broaden our financing channels in capital markets to support our increasing financing needs for our further expansion and enable us to become a modern community life service provider. Considering (i) the high-standard requirements and tight supervisions of corporate governance of the Stock Exchange listed companies and (ii) the recognition and influence of the Stock Exchange in the international capital markets, we delisted our shares from the NEEQ in July 2018 but decided to list our H Shares to be issued under the Global Offering on the Stock Exchange instead. The Listing will constitute a spin-off from Languang Development, one of our Controlling Shareholders and a joint stock company listed on the Shanghai Stock Exchange, which will give our Group a better platform for our development in property management business instead of being a complementary business to Languang Development’s core business, i.e., property development, and further maximize the share value for our shareholders.

\* CIA publishes the Top 100 Property Management Companies on an annual basis, a ranking of property management companies in the PRC in terms of overall strength based on data from the previous year on key factors such as management scale, operational performance, service quality, growth potential and social responsibility. For more information, see “Industry Overview — CIA and its Methodologies” in this prospectus.



## SUMMARY

### OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from three business lines, namely, property management services, consultancy services and community value-added services, forming an integrated service spectrum covering the entire chain of property management.

- *Property Management Services* — We provide property developers, property owners and residents with a wide range of property management services, including, among others, security, cleaning, greening and gardening, repairs and maintenance services. Our portfolio of managed properties comprises (i) residential properties and (ii) non-residential properties (including shopping malls, office buildings, industrial parks and hotels). We collect property management fees for such services. During the Track Record Period, substantially all of our property management fees were charged on a lump sum basis, with only a very small portion charged on a commission basis.
- *Consultancy Services* — We also offer consultancy services to property developers, property owners and other property management companies, which include (i) preliminary planning and design consultancy services for property development projects, (ii) sales assistance services, (iii) home inspection services, and (iv) on-site consultation and advice to selected local property management companies, enabling them to deliver better services to their clients. We collect consultancy fees for such services.
- *Community Value-added Services* — Our community value-added services aim to provide property owners and residents with access to a wide range of products and services through a variety of channels, bringing more convenience to them and enhance their living experience.

We believe our property management business not only brings us significant revenue, but provides customer base for our community value-added services. Our consultancy business helps us establish and cultivate business relationships with property developers in the early stages of property development projects, granting us a competitive advantage when competing for potential engagement in property management services. Our community value-added service business, through the offer of diversified products, enhances the satisfaction and loyalty of our customers and improve the market acceptance of our brand and services. The synergies among our three business lines help us diversify our revenue streams and capture new market opportunities.



## SUMMARY

The table below sets forth a breakdown of our total revenue by each business line for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
							(Unaudited)			
Property management services . . . . .	381,815	58.0	579,015	62.7	899,818	61.4	398,476	67.8	548,833	58.8
Consultancy services . . . . .	149,340	22.7	162,355	17.6	231,447	15.8	64,219	10.9	190,996	20.5
Community value-added services . .	127,067	19.3	181,928	19.7	333,193	22.8	125,005	21.3	193,434	20.7
<b>Total . . . . .</b>	<b>658,222</b>	<b>100.0</b>	<b>923,298</b>	<b>100.0</b>	<b>1,464,458</b>	<b>100.0</b>	<b>587,700</b>	<b>100.0</b>	<b>933,263</b>	<b>100.0</b>

The table below sets forth the gross profit margin by each business line and our overall gross profit margin for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
				(Unaudited)	
Property management services . . . . .		26.7%	30.3%	28.0%	29.1%
Consultancy services . . . . .		45.7%	47.5%	51.9%	43.5%
Community value-added services . . . . .		33.9%	45.7%	34.4%	36.4%
<b>Overall . . . . .</b>		<b>32.4%</b>	<b>36.4%</b>	<b>33.2%</b>	<b>33.9%</b>

Our gross profit margin increased from 32.4% in 2016 to 36.4% in 2017 primarily attributable to the successful implementation of cost-control measures, which primarily includes standardizing our procedures in relation to our services and employing technological solutions to control labor costs, then decreased to 33.2% in 2018 primarily due to the lower gross profits of our newly acquired companies in the second half of 2017 and a decrease in our average property management fees in 2018. Our gross profit margin increased from 32.3% for the six months ended June 30, 2018 to 33.9% for the same period in 2019, primarily attributable to the increase of revenue contribution from consultancy services, which has a higher profit margin than that of the other two business lines.

The table below sets forth a breakdown of our total GFA under management by type of property as of the dates indicated, and revenue generated from our property management services by type of property as well as their respective percentage of our total revenue generated from property management services for the periods indicated.

	As of or for the year ended December 31,									As of or for the six months ended June 30,		
	2016			2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)
	(in thousands, except for percentages)											
Residential properties . . . . .	22,321	312,338	81.8	41,434	488,458	84.4	57,522	802,015	89.1	59,963	514,381	93.7
Non-residential properties . . . . .	1,863	69,477	18.2	2,553	90,557	15.6	3,104	97,803	10.9	3,349	34,452	6.3
<b>Total . . . . .</b>	<b>24,184</b>	<b>381,815</b>	<b>100.0</b>	<b>43,987</b>	<b>579,015</b>	<b>100.0</b>	<b>60,626</b>	<b>899,818</b>	<b>100.0</b>	<b>63,312</b>	<b>548,833</b>	<b>100.0</b>

## SUMMARY

The table below sets forth a breakdown of our total GFA under management by geographic region as of the dates indicated, and the revenue generated from property management services by geographic region as well as their respective percentage of our total revenue generated from property management services for the periods indicated.

	As of or for the year ended December 31,									As of or for the six months ended June 30,		
	2016			2017			2018			2019		
	GFA		Revenue	GFA		Revenue	GFA		Revenue	GFA		Revenue
	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)
	(in thousands, except for percentages)											
Sichuan Province . . . . .	18,384	314,652	82.4	24,069	418,973	72.4	33,368	535,826	59.5	34,188	328,205	59.8
East and South China <sup>(1)</sup> . . . . .	1,276	8,952	2.4	13,465	67,099	11.6	15,720	198,625	22.1	17,231	110,486	20.1
Southwest China (excluding Sichuan Province) <sup>(2)</sup> . . . . .	3,840	51,956	13.6	4,713	73,693	12.7	8,214	120,711	13.4	8,421	73,440	13.4
Central and North China <sup>(3)</sup> . . . . .	684	6,255	1.6	1,740	19,250	3.3	2,723	44,631	5.0	2,881	35,765	6.5
Others <sup>(4)</sup> . . . . .	—	—	—	—	—	—	601	25	0.0	600	937	0.2
<b>Total</b> . . . . .	<b>24,184</b>	<b>381,815</b>	<b>100.0</b>	<b>43,987</b>	<b>579,015</b>	<b>100.0</b>	<b>60,626</b>	<b>899,818</b>	<b>100.0</b>	<b>63,312</b>	<b>548,833</b>	<b>100.0</b>

**Notes:**

- (1) East and South China mainly includes Zhejiang Province, Jiangsu Province, Shanghai, Guangdong Province, Anhui Province and Shandong Province.
- (2) Southwest China mainly includes Yunnan Province, Guizhou Province, Sichuan Province and Chongqing.
- (3) Central and North China mainly includes Beijing, Tianjin, Hebei Province, Hubei Province, Jiangxi Province, Hunan Province, and Shanxi Province.
- (4) Others include Ningxia Hui Autonomous Region and Shaanxi Province.

The table below sets forth the expiration schedule of our property management agreements as of June 30, 2019.

	Contracted GFA (in thousands, sq.m.)	Number of agreements
<b>Property management agreements without fixed term<sup>(1)</sup></b> . . . . .	57,405	331
<b>Property management agreements with fixed terms expired on/expiring in</b>		
June 30, 2019 . . . . .	881	6
Six months ending December 31, 2019 . . . . .	4,072	34
Year ending December 31, 2020 . . . . .	6,288	54
Year ending December 31, 2021 and beyond . . . . .	10,045	59
<b>Subtotal</b> . . . . .	<b>21,286</b>	<b>153</b>
<b>Total</b> . . . . .	<b>78,691</b>	<b>484</b>

## SUMMARY

*Note:*

- (1) Generally, agreements without fixed terms will terminate once a property owners' association has been set up and a new property management service agreement between such property owners' association and a property management company becomes effective. In addition, during the Track Record Period, our Group had continued to provide services to property developers, owners and residents pursuant to certain fixed-term agreements after the expiration of such terms. As advised by our PRC Legal Advisor, JunHe LLP, these agreements would have become agreements without fixed terms at expiration, terminable by (i) us, (ii) the property owners' association, or (iii) the majority of property owners, provided that they also own more than 50% of the aggregate GFA of the relevant community at issue, at any time.

To integrate our three business lines, expand the reach of our offline services and enhance customer experience, we have developed a one-stop service platform, including, among others, “Justbon Life Pro (嘉寶生活家)” mobile application. Please refer to the section entitled “Business — Our One-stop Service Platform and ‘Justbon Life Pro (嘉寶生活家)’ Mobile Application” in this prospectus. Moreover, to strengthen our competitiveness and reduce costs, we focus on standardization, digitalization and automation in our daily operations. Please refer to the section entitled “Business — Standardized Operation, Digitalization and Information Technology, and Operation Automation” in this prospectus.

### OUR CUSTOMERS AND SUPPLIERS

We have a large, growing and loyal customer base primarily consisting of property developers, property owners and residents and local property management companies. We have established stable business relationships with most of our major customers. In 2016, 2017, 2018 and the six months ended June 30, 2019, revenue derived from sales to our five largest customers accounted for approximately 33.1%, 29.8%, 22.4% and 22.3%, respectively, of our total revenue. During the same periods, revenue derived from sales to our single largest customer, Languang Group, accounted for approximately 32.5%, 28.8%, 21.7% and 21.3%, respectively, of our total revenue. One of our five largest customers, Languang Group, was our connected person during the Track Record Period. During the Track Record Period, the revenue from Languang Group was approximately RMB214.0 million, RMB266.3 million, RMB318.4 million and RMB198.9 million, respectively. As of the Latest Practicable Date, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest customers for the Track Record Period. As of the Latest Practicable Date, except as otherwise disclosed in this prospectus, none of our Directors, Supervisors, their close associates or any Shareholders which, to the knowledge of our Directors, owned more than 5% of the number of issued shares of the Company or had any interest in any of our five largest customers during the Track Record Period.

We have established stable and long-term business relationships with most of our major suppliers. In 2016, 2017, 2018 and the six months ended June 30, 2019, purchases from our five largest suppliers accounted for approximately 45.9%, 40.9%, 34.5% and 30.7%, respectively, of our total purchases. For the same periods, purchases from our single largest supplier accounted for approximately 14.4%, 10.6%, 10.5% and 10.1%, respectively, of our total purchases. All of our five largest suppliers during the Track Record Period were Independent Third Parties and we did not experience any material delay, supply shortage or disruption in our operations relating our suppliers, or any material product claim attributable to our suppliers. As of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital had any interest in any of our five largest suppliers. We do not have any long-term agreements with our top five suppliers. We typically enter into agreements with our suppliers with an initial term up to two years which are typically renewable on an annual basis after such initial terms.

## SUMMARY

### COMPETITIVE STRENGTHS

We believe that the following competitive strengths have enabled us to achieve our current market position and differentiated us from our competitors: (i) a leading player in the property management industry in Southwest China with a fast growth track record; (ii) standardized operations with advanced information technology to achieve cost effectiveness, scalability and profitability; (iii) integrated one-stop service platform to enhance customers' living experience; (iv) synergistic effects among three business lines, together with a diversified portfolio of managed properties, leading to various operating revenue and growth opportunities; and (v) experienced management team and effective staff development and motivation mechanism.

### BUSINESS STRATEGIES

We strive to become a leading community life service provider and commercial property service provider in China. To achieve this goal, we intend to implement the following strategies: (i) further expand our business scales and market shares; (ii) continue to develop high-tech intelligent property management services, strengthen smart management and digitalization, upgrade the “Life Pro Service System (生活家服務體系),” further reduce operating costs and improve profitability; (iii) further develop the “Life Pro Alliance Ecosystem (生活家聯盟生態圈),” introduce strategic partners, and promote cooperation to achieve win-win; and (iv) further improve and optimize the human resources training and incentive mechanism.

### RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Company was established in the PRC as a limited liability company on December 7, 2000 and was converted into a joint stock company with limited liability on August 17, 2015. Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Languang Hejun, will hold approximately 67.5% of our Company's total share capital. Languang Hejun is wholly-owned by Languang Development, a listed company on the Shanghai Stock Exchange (stock code: 600466), which in turn is a non-wholly owned subsidiary of Languang Investment. As of the Latest Practicable Date, Languang Investment was owned as to 95.04% by Mr. Yang Keng (楊鏗). Mr. Yang Keng, Languang Investment, Languang Development and Languang Hejun will be our Controlling Shareholders upon the completion of the Listing.

Given the difference between the business operations of our Group and the companies controlled by our Controlling Shareholders, our Directors are of the view that there is a clear business delineation. As a result, none of the business of the companies controlled by our Controlling Shareholders would compete or is expected to compete, directly or indirectly, with our businesses which would require disclosure under Rule 8.10 of the Listing Rules.

We generally secure our preliminary management contracts through a standard tender process regulated by applicable PRC laws and regulations. Languang Group does not have any decisive influence over the selection (or replacement) of the property management service provider by individual property owners. We believe that we are capable of carrying on our business independently from our Controlling Shareholders and their respective associates (other than our Group) after the Listing based on our management, operational and financial independence. Although our Controlling Shareholders will retain a controlling interest in our Company and Languang Group, our Board shall make decisions on, and carry out, the business operations of our Company independently. Our Group and Languang Group have their own respective business segments. Furthermore, the majority of our customers are third-party property owners or third-party property developers independent

## SUMMARY

from Languang Group. For the six months ended June 30, 2019, approximately 78.7% of our revenue was generated from customers other than Languang Group. For more information, please refer to the section entitled “Relationship with Controlling Shareholders — Independence from Our Controlling Shareholders — Operational Independence” in this prospectus.

The Listing constitutes a spin-off from Languang Development, one of our Controlling Shareholders and a joint stock company listed on the Shanghai Stock Exchange. As advised by our PRC Legal Advisor, JunHe LLP, our Company has obtained all necessary approvals and authorization in the PRC in relation to the Listing.

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth our summary financial information for the periods indicated and should be read together with the consolidated financial information in Appendix I to this prospectus, including the accompanying notes, and the information set forth in the section entitled “Financial Information” in this prospectus.

#### Selected items of consolidated statements of comprehensive income

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
				(Unaudited)	
Revenue . . . . .	658,222	923,298	1,464,458	587,700	933,263
Gross profit . . . . .	213,122	335,861	486,770	189,587	316,237
Operating profit . . . . .	121,105	220,532	354,206	109,279	223,071
Profit before income tax . .	120,751	220,197	353,867	109,112	222,913
Profit for the period . . . . .	101,371	185,355	296,890	89,812	186,796

Our revenue increased by 40.3% from approximately RMB658.2 million in 2016 to approximately RMB923.3 million in 2017, and further increased by 58.6% to approximately RMB1,464.5 million in 2018. Our revenue increased by 58.8% from approximately RMB587.7 million for the six months ended June 30, 2018 to RMB933.3 million for the same period in 2019. Our gross profit increased by 57.6% from approximately RMB213.1 million in 2016 to approximately RMB335.9 million in 2017, and further increased by 44.9% to approximately RMB486.8 million in 2018. Our gross profit increased by 66.8% from approximately RMB189.6 million for the six months ended June 30, 2018 to RMB316.2 million for the same period in 2019. The increases in both our revenue and gross profit during the Track Record Period were primarily attributable to the increase of revenue generated from property management services as a result of our business expansion during the same period.

## SUMMARY

### Selected items of consolidated balance sheets

	As of December 31,			As of
	2016	2017	2018	June 30, 2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Non-current assets . . . . .	151,869	253,344	360,613	360,852
Current assets . . . . .	547,664	804,805	909,601	910,780
<b>Total assets</b> . . . . .	<b>699,533</b>	<b>1,058,149</b>	<b>1,270,214</b>	<b>1,271,632</b>
<b>Total equity</b> . . . . .	<b>259,942</b>	<b>434,303</b>	<b>466,663</b>	<b>442,129</b>
Current liabilities . . . . .	425,970	602,051	776,811	804,675
Total equity and liabilities . . . . .	699,533	1,058,149	1,270,214	1,271,632
Net current assets . . . . .	121,694	202,754	132,790	106,105
Non-current liabilities . . . . .	13,621	21,795	26,740	24,828

Our non-current assets increased by 66.8% from approximately RMB151.9 million as of December 31, 2016 to approximately RMB253.3 million as of December 31, 2017, and increased by 42.3% to approximately RMB360.6 million as of December 31, 2018 and further increased by 0.1% to approximately RMB360.9 million as of June 30, 2019, primarily attributable to the increase in both goodwill and other intangible assets as a result of the acquisitions completed during the Track Record Period. Our net current assets increased by 66.6% from approximately RMB121.7 million as of December 31, 2016 to approximately RMB202.8 million as of December 31, 2017, primarily attributable to a significant increase in trade and other receivables, partially offset by the increase in trade and other payables. Our net current assets decreased by 34.5% from approximately RMB202.8 million as of December 31, 2017 to approximately RMB132.8 million as of December 31, 2018, primarily because our current assets increased at a slower rate than that of current liabilities in 2018, partially due to the increased distribution of dividends in 2018. Our net current assets further decreased by 20.1% to approximately RMB106.1 million as of June 30, 2019, primarily due to the dividend distribution in the first half of 2019. Our net current assets increased by 37.3% to approximately RMB145.7 million as of August 31, 2019, primarily attributable to the increase in trade receivables. Our total equity increased from approximately RMB259.9 million as of December 31, 2016 to approximately RMB434.3 million as of December 31, 2017, and further increased to approximately RMB466.7 million as of December 31, 2018, primarily attributable to our business expansion. Our total equity decreased to approximately RMB442.1 million as of June 30, 2019, primarily due to the dividend distribution in the first half of 2019. For more information, see “Financial Information — Description of Certain Consolidated Balance Sheet Items” in this prospectus.

We recorded significant amounts of other intangible assets and goodwill on our consolidated balance sheet at the end of the Track Record Period. As of June 30, 2019, our other intangible assets and goodwill amounted to approximately RMB114.0 million and RMB184.0 million, respectively. We undertake impairment testing of goodwill and other intangible assets periodically and make provisions for such impairment losses as needed. If impairment losses on our other intangible assets and goodwill and the corresponding provision increase, our financial performance and position will be adversely affected. For more information, see “Financial Information — Description of Certain Consolidated Balance Sheet Items — Other Intangible Assets” and “Financial Information — Description of Certain Consolidated Balance Sheet Items — Goodwill” in this prospectus.



## SUMMARY

### Selected items of consolidated statements of cash flows

The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2016 (RMB'000)	2017 (RMB'000)	2018 (RMB'000)	2018 (RMB'000) (Unaudited)	2019 (RMB'000)
Net cash generated from operating activities . . . . .	205,110	106,573	247,625	35,258	128,512
Net cash (used in)/generated from investing activities . . . . .	(268,571)	(96,479)	171,466	(5,028)	(15,164)
Net cash generated from/(used in) financing activities . . . . .	33,450	(19,737)	(301,836)	(37,120)	(231,475)
<b>Net (decrease)/increase in cash and cash equivalents . .</b>	<b>(30,011)</b>	<b>(9,643)</b>	<b>117,255</b>	<b>(6,890)</b>	<b>(118,127)</b>
Cash and cash equivalents at beginning of year/period . . . . .	229,535	199,524	189,881	189,881	307,136
<b>Cash and cash equivalents at end of year/period . . . . .</b>	<b>199,524</b>	<b>189,881</b>	<b>307,136</b>	<b>182,991</b>	<b>189,009</b>

Our cash and cash equivalents increased by 61.8% from approximately RMB189.9 million as of December 31, 2017 to approximately RMB307.1 million as of December 31, 2018, primarily attributable to the increase in net cash generated from operating activities from 2017 to 2018, along with our business development and the increase in net cash generated from investing activities from 2017 to 2018 attributable to proceeds from disposal of financial instruments, and partially offset by the increase of net cash used in financial activities due to the dividends paid to shareholders in 2018. Our cash and cash equivalents decreased by 38.5% from approximately RMB307.1 million as of December 31, 2018 to approximately RMB189.0 million as of June 30, 2019, primarily attributable to the dividends paid to shareholders in the first half of 2019. For more information, see “Financial Information – Liquidity and Capital Resources – Cash Flow” in this prospectus.

### SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated.

	As of or for the year ended December 31,			As of or for the six months ended June 30, 2019 <sup>(6)</sup>
	2016	2017	2018	
Current ratio <sup>(1)</sup> . . . . .	1.29x	1.34x	1.17x	1.13x
Liabilities to assets ratio <sup>(2)</sup> . . . . .	62.8%	59.0%	63.3%	65.2%
Gearing ratio <sup>(3)</sup> . . . . .	—	—	—	—
Return on total assets <sup>(4)</sup> . . . . .	14.5%	17.5%	23.4%	29.4%
Return on equity <sup>(5)</sup> . . . . .	39.0%	42.7%	63.6%	84.5%

#### Notes:

- (1) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the respective dates and multiplied by 100%.



## SUMMARY

- (2) Liabilities to assets ratio is calculated based on total liabilities divided by total assets as of the respective dates and multiplied by 100%. Total liabilities represent the sum of current liabilities and non-current liabilities. Total assets represent the sum of current assets and non-current assets.
- (3) Gearing ratio is calculated based on the sum of long-term and short-term interest-bearing bank and other borrowings as of the respective dates divided by total equity as of the same dates.
- (4) Return on total assets ratio is calculated based on our profit for the year/period divided by our total assets at the end of the year/period and multiplied by 100%.
- (5) Return on equity ratio is calculated based on our profit for the year/period divided by total equity at the end of the year/period and multiplied by 100%.
- (6) Above ratios have been annualized to be comparable to those of prior years but not indicative of the actual results.

Our current ratio increased from 1.29 times as of December 31, 2016 to 1.34 times as of December 31, 2017, primarily attributable to an increase in current assets resulting from a significant increase in trade and other receivables. Our current ratio decreased to 1.17 times as of December 31, 2018, primarily due to a decrease in cash and cash equivalents resulting from an increase in dividend distribution in 2018. Our current ratio decreased to 1.13 times as of June 30, 2019, primarily due to the decrease in current assets resulting from the increase in dividend distribution.

Our liabilities to assets ratio decreased from 62.8% as of December 31, 2016 to 59.0% as of December 31, 2017, primarily attributable to the continued increase in our total assets resulting from our acquisition of subsidiaries. Our liabilities to assets ratio increased to 63.3% as of December 31, 2018, primarily because the increase in total assets is less than the increase in total liabilities resulting from the increase in dividend distribution in 2018. Our liabilities to assets ratio increased to 65.2% as of June 30, 2019, primarily because the increase in total assets is less than the increase in total liability resulting from the increase in dividend distribution.

Our gearing ratio is calculated based on total borrowings divided by total equity at the end of each year. Our gearing ratio was nil as of December 31, 2016, 2017 and 2018 and June 30, 2019, because we incurred no borrowings during the Track Record Period.

Our return on total assets increased from 14.5% in 2016 to 17.5% in 2017, increased to 23.4% in 2018, and further increased to 29.4% for the six months ended June 30, 2019, primarily attributable to the increase in our profitability during the Track Record Period.

Our return on equity increased from 39.0% in 2016 to 42.7% in 2017, increased to 63.6% in 2018 and further increased to 84.5% for the six months ended June 30, 2019, primarily attributable to the increase in our profit during the Track Record Period.

## USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$34.80 per Offer Share (being the mid-point of the Offer Price Range stated in this prospectus), will be approximately HK\$1,384.8 million, after deducting underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

## SUMMARY

We intend to use the net proceeds of the Global Offering for the following purposes assuming the Offer Price is fixed at HK\$34.80 per Offer Share (being the mid-point of the indicative Offer Price Range).

- approximately 77% of net proceeds to us (approximately HK\$1,066.3 million) will be used for the expansion of our property management services to enlarge our business scale, among which, (i) approximately 50%, or HK\$692.4 million, will be used to acquire or invest in other property management service providers for residential properties; (ii) approximately 17%, or HK\$235.4 million, will be used to acquire or invest in property management companies for non-residential properties, such as commercial properties, industrial parks, office buildings, schools and hospitals, in order to strengthen our ability to serve non-residential properties and further diversify our project portfolio; and (iii) approximately 10%, or HK\$138.5 million, will be used to acquire companies engaged in property management-related businesses, such as security, cleaning, gardening and maintenance service providers, in order to optimize our business structure and achieve synergy. As of the Latest Practicable Date, we did not have any specific investment or acquisition target. When we evaluate a potential investment or acquisition target, we would prefer an investment in a target that, among others, has (a) GFA under management of at least 3.0 million sq.m. (if the target is a property management company), (b) maintained annual revenue of at least RMB50.0 million for the most recent financial year (if the target is a property management company), (c) reputable brand and good corporate credit, and (d) stable management team with no changes of key senior management members within the three years prior to the proposed acquisition. It is expected that the locations of acquisition targets of property management companies for non-residential properties and companies engaging in property management-related businesses are similar to those for residential properties. We aim to strengthen our market position in Southwest China, bolster our geographic presence across China and increase our market share in the East and South China, the Bohai Economic Rim and the Guangdong-Hong Kong-Macao Greater Bay Area;
- approximately 5% of net proceeds to us (approximately HK\$69.2 million) will be used to improve our community value-added services. In particular, we plan to (i) invest approximately 1% of net proceeds, or HK\$13.8 million, in software, hardware and intelligent terminals to upgrade our “Justbon Life Pro (嘉寶生活家)” mobile application; (ii) invest approximately 1% of net proceeds, or HK\$13.8 million, to build and upgrade “Life Pro Experience Centers (生活家體驗中心)” to further improve the user experience of residents in properties under our management; and (iii) invest approximately 3% of net proceeds, or HK\$41.6 million, to cooperate with third-party suppliers to improve the quality and variety of our value-added services, in particular, to diversify the supply channels for household necessities and groceries, upgrade move-in furnishing services and initiate community care services and community education services. We believe such methods will enhance our customers’ satisfaction, loyalty to and stickiness with us;

## SUMMARY

- approximately 8% of net proceeds to us (approximately HK\$110.8 million) to fund the update of our IT system, among which (i) approximately 3% of net proceeds to us, or HK\$41.6 million, will be used to purchase or upgrade our information technology software; and (ii) approximately 5% net proceeds to us, or HK\$69.2 million, will be used to update our smart management and digitalization. Please refer to the section entitled “Business — Business Strategies — Continue to develop high-tech intelligent property management services, strengthen smart management and digitalization, upgrade the ‘Life Pro Service System (生活家服務體系),’ further reduce operating costs and improve profitability”; and
- approximately 10% of net proceeds to us (approximately HK\$138.5 million) for working capital and general corporate purposes.

For further details, please refer to the section entitled “Future Plans and Use of Proceeds” in this prospectus.

### LISTING EXPENSES

The total listing expenses (including underwriting commissions) for the Listing of the H Shares are estimated to be approximately RMB97.4 million (assuming an Offer Price of HK\$34.80 per Offer Share, being the mid-point of the Offer Price Range and the Over-allotment Option is not exercised), among which, approximately RMB92.2 million is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the Listing, and approximately RMB5.2 million will be charged to our consolidated statement of comprehensive income. During the Track Record Period, we incurred listing expenses of approximately RMB37.1 million, of which approximately RMB34.1 million was included in prepayments and will be subsequently charged to equity upon completion of the Listing and approximately RMB3.0 million was charged to consolidated statement of comprehensive income. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the six months ending December 31, 2019.

### GLOBAL OFFERING STATISTICS<sup>(1)</sup>

	Based on an Offer Price of HK\$30.60 per H Share	Based on an Offer Price of HK\$39.00 per H Share
Market capitalization of our Shares <sup>(2)</sup> (in millions) . . . .	HK\$5,253	HK\$6,695
Unaudited pro forma adjusted net tangible assets per ordinary share <sup>(3)</sup> . . . . .	HK\$7.81	HK\$9.84

*Notes:*

- (1) All statistics in the table are based on the assumption that the Over-allotment Option is not exercised.
- (2) The calculation of market capitalization is based on 171,664,660 Shares expected to be in issue immediately upon completion of the Global Offering.
- (3) The unaudited pro forma adjusted net tangible assets per Share has been arrived at after adjustments referred to in the section entitled “Appendix II — Unaudited Pro Forma Financial Information” and on the basis of 171,664,660 Shares in issue at the Offer Price immediately upon the completion of the Global Offering.

## SUMMARY

### DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

In 2016, 2017, 2018 and the six months ended June 30, 2019, we distributed dividends in the amount of approximately RMB4.8 million, RMB18.5 million, RMB319.3 million and RMB215.0 million, respectively. Subject to applicable laws and regulations as well as our Articles of Association, we expect to pay a dividend no less than 25% of the profit after tax after the Listing each year. The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and others factors which we consider relevant.

Holders of our Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the absolute discretion of the Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. The Board will review the dividend policy on an annual basis. For further details, please refer to the section entitled “Financial Information — Dividend Policy and Distributable Reserves” in this prospectus.

As of June 30, 2019, the distributable reserves of our Company was approximately RMB87.5 million.

### RECENT DEVELOPMENTS

Subsequent to June 30, 2019 and up to the Latest Practicable Date, we were contracted to manage properties with an additional aggregate GFA of approximately 4.2 million sq.m. Based on our unaudited consolidated financial statements, both our revenue and gross profit for the two months ended August 31, 2019 increased compared with those for the same period in 2018.

### DIRECTORS’ CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since June 30, 2019 (being the date to which our Company’s latest consolidated audited financial results were prepared), and there has been no event since June 30, 2019 which would materially affect the information shown in the Accountant’s Report, the text of which is set out in Appendix I to this prospectus.

### SUMMARY OF MATERIAL RISK FACTORS

There are certain risks relating to an investment in our Offer Shares. Some of the particular risks in investing in our Offer Shares are further described in the section entitled “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in our Offer Shares. We believe some of the more significant risk factors include: (i) our future growth may not materialize as planned, and any failure to manage our future growth effectively may have a material adverse effect on our business, financial position and results of operations; (ii) we expanded our business through acquisitions during the Track Record Period and may fail to achieve the desired benefits from such acquisitions, which could have a material adverse effect on our results of operations; (iii) we recorded significant amount of goodwill on our consolidated balance sheets attributable to the acquisitions completed during the Track Record Period. Provision for impairment losses on goodwill would adversely affect our financial position; (iv) provision for the impairment losses on our other intangible assets may adversely affect our financial position. The implementation of our expansion plan might result in an increase in our provision for impairment losses on other intangible assets

## SUMMARY

and an increase in depreciation and amortization charges; (v) both of our financial assets and liabilities at fair value through profit or loss are subject to changes and the valuation of such assets or liabilities are subject to uncertainties due to the use of unobservable inputs, which may in turn adversely affect our financial performance; (vi) our future acquisitions may not be successful; (vii) we cannot assure you that we can procure new property management contracts; and (viii) we may be subject to losses and our profit margins may decrease if we fail to control our costs in performing our property management services on a lump sum basis.

## DEFINITIONS

*In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section entitled “Glossary of Technical Terms” in this prospectus.*

“Application Form(s)”	<b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Applications Form(s), or where the context so requires, any of them that is used in connection with the Hong Kong Public Offering;
“Articles of Association” or “Articles”	the articles of association of the Company adopted on December 9, 2018, which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix IV to this prospectus;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Beijing Justbon”	Beijing Languang Justbon Property Management Co., Ltd. (北京藍光嘉寶物業管理有限公司), a limited liability company established in the PRC on April 22, 2010 and is owned as to 90.0% by our Company and 10.0% by Chengdu Hanrun;
“Board” or “Board of Directors”	the board of Directors of our Company;
“Bohai Economic Rim”	includes Beijing, Tianjin, Hebei, Liaoning, Shandong, Shanxi and Inner Mongolia for the purpose of this prospectus;
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, a Sunday or a public holiday in Hong Kong;
“CAGR”	compound annual growth rate;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct participant or a general clearing participant;
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant;
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation;

## DEFINITIONS

“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS, as from time to time in force;
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant;
“Chengdu Dongjing”	Chengdu Dongjing Property Management Co., Ltd. (成都市東景物業管理有限公司), a limited liability company established in the PRC on October 15, 2003 and is owned as to 65.0% by our Company and 35.0% by Sichuan Xinchuangtou Investment Co., Ltd. (四川新創投投資有限責任公司), an Independent Third Party save for its shareholding in Chengdu Dongjing;
“Chengdu Hanrun”	Chengdu Hanrun Technology Development Co., Ltd. (成都漢潤科技發展有限公司), a limited liability company established in the PRC on September 3, 1996 and is owned as to 95.0% by Languang Hejun, our Controlling Shareholder, and 5.0% by Chengdu Yesheng Shijie Co., Ltd. (成都野生世界有限公司), an Independent Third Party;
“Chengdu Jiamei”	Chengdu Jiamei Market Management Co., Ltd. (成都嘉美市場經營管理有限公司), a limited liability company established in the PRC on November 25, 2009 and is owned as to 90.0% by our Company and 10.0% by Chengdu Hanrun;
“Chengdu Jiayu”	Chengdu Jiayu Enterprise Management Center (Limited Partnership) (成都嘉裕企業管理中心(有限合夥)), a limited liability partnership established in the PRC on June 17, 2015 and is owned as to 34.9% by Mr. Yao Min (姚敏), our executive Director, 31.9% by Languang Hejun, our Controlling Shareholder and 33.2% by 11 employees of our Company;
“Chengdu Jieshunbao”	Chengdu Jieshunbao Information Technology Co., Ltd. (成都捷順寶信息科技有限公司), a limited liability company established in the PRC on December 18, 2014 and our wholly-owned subsidiary;
“Chengdu Quancheng”	Chengdu Quancheng Property Services Co., Ltd. (成都全程物業服務有限公司), a limited liability company established in the PRC on October 12, 2010 and our wholly-owned subsidiary;



## DEFINITIONS

“China” or the “PRC”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to “China” and the “PRC” do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“China Index Academy” or “CIA”	China Index Academy (中國指數研究院), our industry consultant;
“Chinese government” or “PRC government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them;
“Chongqing Justbon”	Chongqing Justbon Management Consultation Co., Ltd. (重慶嘉寶管理顧問有限公司), a limited liability company established in the PRC on July 14, 2008 and is owned as to 99.25% by our Company and 0.75% by Chengdu Hanrun;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Companies (Winding up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Company,” “the Company,” or “our Company”	Sichuan Languang Justbon Services Group Co., Ltd. (四川藍光嘉寶服務集團股份有限公司) (formerly known as Sichuan Justbon Property Management Group Co., Ltd. (四川嘉寶資產管理集團股份有限公司)), a joint stock company with limited liability established in the PRC on December 7, 2000;
“Connected Person(s)” or “connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Languang Hejun, Languang Development, Languang Investment and Mr. Yang;

## DEFINITIONS

“Corporate Reorganization” or “Reorganization”	the corporate reorganization of our Group conducted in preparation for the Listing, details of which are set out in the paragraph entitled “Reorganization” under the section entitled “History, Reorganization and Corporate Structure” in this prospectus;
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets;
“Deed of Indemnity”	the deed of indemnity dated June 11, 2019 executed by our Controlling Shareholders in favor of our Company (for ourselves and for each of our subsidiaries), as further described under the section entitled “Appendix V — Statutory and General Information — D. Other Information — 2. Tax and Other Indemnities” in this prospectus;
“Director(s)” or “our Directors”	the director(s) of our Company;
“Domestic Shares”	ordinary shares in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi;
“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time;
“Exchange Participant(s)”	a person: (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange;
“Global Offering”	the Hong Kong Public Offering and the International Offering;
“ <b>GREEN</b> Application Form(s)”	the application form(s) to be completed by the <b>HK eIPO White Form</b> Service Provider designated by our Company;
“Group,” “the Group,” “our Group,” “we” or “us”	our Company and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it;

## DEFINITIONS

“Guangdong-Hong Kong-Macau Greater Bay Area”	includes Hong Kong, Macau, Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing for the purpose of this prospectus;
“Guojia Property”	Sichuan Guojia Property Services Co., Ltd. (四川省國嘉物業服務有限公司), a limited liability company established in the PRC on April 2, 2001 and our wholly-owned subsidiary;
“H Share(s)”	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange;
“H Share Registrar”	Tricor Investor Services Limited;
“Hangzhou Lvyu”	Hangzhou Lvyu Property Management Co., Ltd. (杭州綠宇物業管理有限公司), a limited liability company established in the PRC on September 16, 2008 and is owned as to 73.56% by our Company, 24.0% by Mr. Zhang Ruju (張如舉), an Independent Third Party save for its shareholding in Hangzhou Lvyu, and 2.44% Chengdu Jiaheheng Corporate Management Centre (Limited Partnership) (成都嘉合亨企業管理中心(有限合夥)), an Independent Third Party;
“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the <b>HK eIPO White Form Service Provider</b> at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a> ;
“HK eIPO White Form Service Provider”	the <b>HK eIPO White Form</b> service provider designated by our Company as specified on the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a> ;
“HK\$” or “Hong Kong dollars” “HK dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong;
“HKFRS”	Hong Kong Financial Reporting Standards, which collectively include Hong Kong Accounting Standards and related interpretations, promulgated by the Hong Kong Institute of Certified Public Accountants;
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited;
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC;

## DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Offer Shares”	the H Shares offered by us for subscription pursuant to the Hong Kong Public Offering;
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and conditions described in this prospectus and the Application Forms;
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section entitled “Underwriting — Hong Kong Underwriters” in this prospectus;
“Hong Kong Underwriting Agreement”	the underwriting agreement dated October 4, 2019 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Joint Representatives and the Hong Kong Underwriters as further described in the section entitled “Underwriting — Underwriting Arrangements and Expenses” in this prospectus;
“Independent Third Party(ies)”	an individual or a company who, as far as the Directors are aware after having made all reasonable enquiries is not a connected person of the Company within the meaning of the Listing Rules;
“International Offer Shares”	the 38,624,400 H Shares initially offered by our Company for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in the section entitled “Structure of the Global Offering” in this prospectus);
“International Offering”	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from registration under the U.S. Securities Act, as further described in the section entitled “Structure of the Global Offering” in this prospectus;
“International Underwriters”	the group of international underwriters, led by the Joint Representatives, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering;

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“International Underwriting Agreement”	the underwriting agreement expected to be entered into on or around October 11, 2019 by, among others, our Company, the Joint Representatives and the International Underwriters in respect of the International Offering, as further described in the section entitled “Underwriting — International Offering” in this prospectus;
“Joint Bookrunners”	Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Essence International Securities (Hong Kong) Limited, China Industrial Securities International Capital Limited, China Galaxy International Securities (Hong Kong) Co., Limited, Shenwan Hongyuan Securities (H.K.) Limited and First Shanghai Securities Limited;
“Joint Global Coordinators”	Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited and Guotai Junan Securities (Hong Kong) Limited;
“Joint Lead Managers”	Huatai Financial Holdings (Hong Kong) Limited, ABCI Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Essence International Securities (Hong Kong) Limited, China Industrial Securities International Capital Limited, China Galaxy International Securities (Hong Kong) Co., Limited, Shenwan Hongyuan Securities (H.K.) Limited and First Shanghai Securities Limited;
“Joint Representatives”	Huatai Financial Holdings (Hong Kong) Limited and ABCI Capital Limited;
“Joint Sponsors”	Huatai Financial Holdings (Hong Kong) Limited and ABCI Capital Limited;
“Justbon Hongshan”	Sichuan Justbon Hongshan Property Management Co., Ltd. (四川嘉寶鴻山物業管理有限公司), a limited liability company established in the PRC on October 22, 2018 and is owned as to 70% by our Company and 30% by Zigong Yinhai Property Development Co., Ltd. (自貢銀海房地產開發有限公司), an Independent Third Party save for its shareholding in Justbon Hongshan;
“Justbon Hutong”	Chongqing Justbon Hutong Property Management Co., Ltd. (重慶嘉寶滬通物業管理有限公司), a limited liability company established in the PRC on November 13, 2018 and is owned as to 51% by Chongqing Justbon and 49% by Chongqing Hutong Property Management Co., Ltd. (重慶滬通物業管理有限公司), an Independent Third Party save for its shareholding in Justbon Hutong;

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“Justbon Shanghai”	Languang Justbon (Shanghai) Property Management Co., Ltd. (藍光嘉寶(上海)物業管理有限公司), a limited liability company established in the PRC on April 26, 2019 and our wholly-owned subsidiary;
“Kunming Justbon”	Kunming Justbon Property Service Co., Ltd. (昆明嘉寶物業服務有限公司), a limited liability company established in the PRC on November 28, 2012 and is owned as to 97.0% by our Company and 3.0% by Chengdu Hanrun;
“Languang Development”	Sichuan Languang Development Co., Ltd. (四川藍光發展股份有限公司) (formerly known as Sichuan Dikang Technology Pharmaceutical Co., Ltd. (四川迪康科技藥業股份有限公司)), a joint stock company with limited liability established in the PRC on May 18, 1993, listed on the Shanghai Stock Exchange (stock code: 600466) and one of our Controlling Shareholders;
“Languang Group”	Languang Investment and its subsidiaries excluding our Group;
“Languang Hejun”	Sichuan Languang Hejun Industries Co., Ltd. (四川藍光和駿實業有限公司), a company with limited liability established in the PRC on May 20, 1998 and one of our Controlling Shareholders;
“Languang Investment”	Languang Investment Holdings Group Co., Ltd. (藍光投資控股集團有限公司) (formerly known as Sichuan Languang Industrial Group Co., Ltd. (四川藍光實業集團有限公司)), a company with limited liability established in the PRC on October 13, 1993 and one of our Controlling Shareholders;
“Latest Practicable Date”	September 30, 2019, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication;
“Leshan Justbon”	Leshan Justbon Property Services Co., Ltd. (樂山嘉寶物業服務有限公司), a limited liability company established in the PRC on October 31, 2018 and our wholly-owned subsidiary;
“Listing”	the listing of our H Shares on the Stock Exchange;

## DEFINITIONS

“Listing Committee”	the Listing Committee of the Stock Exchange;
“Listing Date”	the date expected to be on or about October 18, 2019, on which dealings in our H Shares first commence on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“Luzhou Justbon”	Luzhou Justbon Property Services Co., Ltd. (瀘州嘉寶物業服務有限公司), a limited liability company established in the PRC on October 26, 2018 and our wholly-owned subsidiary;
“Luzhou Ronghao”	Luzhou Ronghao Property Services Co., Ltd. (瀘州融豪物業服務有限公司), a limited liability company established in the PRC on August 20, 2013 and is owned as to 100% by Chengdu Dongjing;
“Luzhou Tianli”	Luzhou Tianli Property Co., Ltd. (瀘州天立物業有限公司), a limited liability company established in the PRC on April 4, 2007 and is owned as to 70.0% by our Company and 30.0% by Sichuan Tianli Real Estate Development Co., Ltd. (四川天立房地產開發有限公司), an Independent Third Party save for its shareholding in Luzhou Tianli;
“Luzhou Xinyang”	Luzhou Justbon Xinyang Property Management Co., Ltd. (瀘州嘉寶鑫洋物業管理有限責任公司), a limited liability company established in the PRC on November 7, 2018 and is owned as to 70% by our Company and 30% by Sichuan Xinyang Investment Management Co., Ltd. (四川鑫洋投資管理有限公司), an Independent Third Party save for its shareholding in Luzhou Xinyang;
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange;
“Mandatory Provisions”	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), as promulgated by the State Council Securities Commission and the State Restructuring Commission on August 27, 1994 and became effective on the same date, as the same may be amended and supplemented or otherwise modified from time to time;



## DEFINITIONS

“Meishan Justbon”	Meishan Justbon Property Services Co., Ltd. (眉山嘉寶物業服務有限公司), a limited liability company established in the PRC on November 12, 2018 and is owned as to 70% by our Company and 30% by Sichuan Yihe Property Management Co., Ltd. (四川頤合物業管理有限公司), an Independent Third Party;
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部);
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部);
“MOHURD”	the Ministry of Housing and Urban and Rural Development (中華人民共和國住房和城鄉建設部);
“Mr. Yang”	Mr. Yang Keng (楊鏗), one of our Controlling Shareholders;
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會);
“NEEQ”	the National Equities Exchange and Quotations Co., Ltd., a PRC over-the-counter system for trading shares of public companies;
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$39.00 and expected to be not less than HK\$30.60, at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in the section entitled “Structure of the Global Offering — Pricing of the Global Offering” in this prospectus;
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option;

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“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 6,437,500 additional H Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in the section entitled “Structure of the Global Offering” in this prospectus;
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC;
“People’s Congress”	The PRC’s legislative apparatus, including the National People’s Congress and all the local people’s congresses (including provincial, municipal and other regional or local people’s congresses) as the context may require, or any of them;
“PRC Company Law”	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time;
“PRC GAAP”	generally accepted accounting principles in the PRC;
“PRC Legal Advisor”	JunHe LLP, our legal advisor as to PRC laws;
“PRC Securities Law”	the Securities Law of the PRC, as amended, modified and/or otherwise supplemented from time to time;
“Price Determination Agreement”	the agreement to be entered into by the Joint Representatives (on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price;
“Price Determination Date”	the date, expected to be on or around October 11, 2019 (Hong Kong time) on which the Offer Price is determined, or such later time as the Joint Representatives (on behalf of the Hong Kong Underwriters) and our Company may agree, but in any event no later than Wednesday, October 16, 2019;
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering;
“Regulation S”	Regulation S under the U.S. Securities Act;
“RMB” or “Renminbi”	the lawful currency of the PRC;

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“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局);
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局);
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shanghai Zhenxian”	Shanghai Zhenxian Property Management Co., Ltd. (上海真賢物業管理有限公司), a limited liability company established in the PRC on October 30, 2012 and is owned as to 71.35% by our Company, 20.0% by Shanghai Tongda Real Estate Co., Ltd. (上海統達置業有限公司) and 8.65% by Chengdu Jiaruixiang Corporate Management Centre (Limited Partnership) (成都嘉瑞祥企業管理中心(有限合夥)), both are Independent Third Parties save for their shareholdings in Shanghai Zhenxian;
“Share(s)”	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares;
“Shareholders”	holders of our Shares;
“Sichuan Tianfu”	Sichuan Justbon Tianfu Property Services Co., Ltd. (四川嘉寶天府物業服務有限公司), a limited liability company established in the PRC on January 14, 2019 and is owned as to 67% by our Company and 33% by Mr. Li Dejun (李德君), an Independent Third Party save for his shareholding in Sichuan Tianfu;
“Sichuan Yuyi”	Suchuan Justbon Yuyi Property Management Co., Ltd. (四川嘉寶宇億物業管理有限公司), a limited liability company established in the PRC on November 21, 2018 and is owned as to 70% by our Company and 30% by Sichuan Yuyi Real Estate Co., Ltd. (四川宇億置業有限公司), an Independent Third Party save for its shareholding in Sichuan Yuyi;
“Special Regulations”	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994;

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“Spin-off Circular”	the Circular on Issues Relevant to Regulating Offshore Listing of Securities of Domestic Listed Companies (《關於規範境內上市公司所屬企業到境外上市有關問題的通知》) promulgated by the CSRC on July 21, 2004;
“Stabilizing Manager”	Huatai Financial Holdings (Hong Kong) Limited;
“State”	the People’s Republic of China or the PRC;
“State Council”	the State Council of the PRC (中華人民共和國國務院);
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Supervisor(s)”	supervisor(s) of our Company;
“Track Record Period”	the period comprising the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019;
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder;
“Underwriters”	the Hong Kong Underwriters and the International Underwriters;
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement;
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
“WFOE”	wholly foreign-owned enterprise;
“ <b>WHITE</b> Application Form(s)”	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant’s own name;

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“ <b>YELLOW</b> Application Form(s)”	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS;
“Yunnan Jiading”	Yunnan Jiading Property Services Co., Ltd. (雲南嘉鼎物業服務有限公司), a limited liability company established in the PRC on September 6, 2018 and is owned as to 60% by Kunming Justbon and 40% by Yunnan Jinze Property Development Co., Ltd. (雲南金澤房地產開發有限公司), an Independent Third Party save for its shareholding in Yunnan Jiading.

*Unless the content otherwise requires, references to “2016”, “2017” and “2018” in this prospectus refers to our financial year ended December 31 of such year.*

*Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

*For ease of reference, the names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of official Chinese names are for identification purpose only.*

## GLOSSARY OF TECHNICAL TERMS

***In this prospectus, unless the context otherwise requires, explanations and definitions of certain terms used in this prospectus in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.***

“average property management fee(s)”	weighted average property management fee charged calculated on the basis of contracted GFA of each property which we are engaged to provide property management service;
“China Western Development”	a policy adopted for the western regions in China which covers six provinces (Gansu, Guizhou, Qinghai, Sichuan, Shaanxi and Yunnan), five autonomous regions (Guangxi, Inner Mongolia, Ningxia, Tibet and Xinjiang) and one municipality (Chongqing);
“commercial properties”	properties which are used primarily for commercial purposes, including serviced apartments, retail complexes and hotels;
“commission basis”	a revenue generating model for our property management business line whereby our fee income from property management consists only of a specified percentage of the total management fees payable by the property owners or property developers while the remainder of such management fees would be used to procure services to the property from other service providers;
“commodity properties”	residential properties, commercial properties and other properties, exclude second-hand properties;
“common area(s)”	common areas in residential properties, including parking lots, swimming pools, advertisement bulletin boards, and club houses;
“contracted GFA”	GFA managed/to be managed by the Group under operating property management contracts or covered under our consultancy service arrangements;
“first-tier cities”	as of the Latest Practicable Date, included Beijing, Shanghai, Guangzhou and Shenzhen in the PRC, according to the National Bureau of Statistics of the PRC;
“GFA”	gross floor area;

## GLOSSARY OF TECHNICAL TERMS

“GFA under management”	GFA managed by our Company under operating property management contracts;
“lump sum basis”	a revenue generating model for our property management business line whereby we charge a pre-determined property management price per GFA for all units (whether sold or unsold) on a monthly basis which represents the “all-inclusive” fees for all of the property management services provided by our teams and sub-contractors. Under a lump sum basis, the property owners and property developers will be responsible for paying our management fees for the sold and unsold units respectively on a monthly basis;
“residential communities” or “residential properties”	properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are nonresidential in nature such as commercial or office units but excluding pure commercial properties;
“second-tier cities”	as of the Latest Practicable Date, included 30 major cities, other than first-tier cities in the PRC, as categorized by the National Bureau of Statistics of the PRC, including provincial capitals, administrative capitals of autonomous regions, direct-controlled municipalities and other major cities designated as “municipalities with independent planning” by the State Council in the PRC;
“Top 100 Property Management Companies”	an annual ranking of China-based property management companies by overall competitiveness published by CIA based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility, which comprised of 210, 200 and 200 companies, respectively, for 2016, 2017 and 2018;
“Top 100 Property Management Companies of Southwest China”	the companies in the Top 100 Property Management Companies whose parent Companies are incorporated in Southwest China, including Sichuan Province, Guizhou Province, Yunnan Province, Tibet and Chongqing.



## FORWARD-LOOKING STATEMENTS

***We have included in this prospectus forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.***

We have included in this prospectus forward-looking statements that are not historical facts but relate to our intentions, beliefs, expectations or predictions for future events and conditions which may not occur. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions that we believe are fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks are listed in the section entitled “Risk Factors” and elsewhere in this prospectus. In some cases, you can identify these forward-looking statements by words such as “aim,” “anticipate,” “believe,” “continue,” “could,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “propose,” “seek,” “should,” “will,” “would” or similar expressions, or their negatives. These forward-looking statements include, without limitation, statements relating to:

- any changes in the laws, rules and regulations of the central and local governments in the PRC and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- our business and operating strategies and our ability to implement such strategies;
- the development of our one-stop service platform and business;
- our ability to control or reduce costs;
- our capability to identify and integrate suitable acquisition targets;
- expected growth of and changes in the PRC property management industry;
- our ability to maintain a strong relationship with the relevant governmental authorities, our cooperating banks or customers;
- our future business development, results of operations and financial condition;
- the future competitive environment for the PRC property management industry;
- determination of the fair value of our Shares;
- our dividend policy;
- capital market development;
- exchange rate fluctuations and restrictions; and
- risks identified under the section entitled “Risk Factors” of this prospectus.

## **FORWARD-LOOKING STATEMENTS**

This prospectus also contains market data and projections that are based on a number of assumptions. The markets may not grow at the rates projected by the market data, or at all. The failure of the markets to grow at the projected rates may materially and adversely affect our business and the market price of our Shares. In addition, due to the rapidly changing nature of the PRC economy and the property management industry, projections or estimates relating to the growth prospects or future conditions of the markets are subject to significant uncertainties. If any of the assumptions underlying the market data prove to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward looking statements.

We do not guarantee that the transactions and events described in the forward-looking statements in this prospectus will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in the section entitled “Risk Factors” in this prospectus. You should read this prospectus in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks and uncertainties may emerge from time to time, you should not rely upon forward-looking statements as predictions of future events. We undertake no obligation, beyond what is required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even when our situation may have changed.

## RISK FACTORS

***An investment in our H Shares involves various risks. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to purchase our H Shares. If any of the circumstances or events described below actually arises or occurs, our business, financial position, results of operations, and prospects would likely suffer. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investment. You should also pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory system which may differ from those prevailing in other countries. For more information concerning the PRC legal and regulatory system and certain related matters discussed below, please refer to the section entitled “Regulatory Overview” and “Appendix III — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions” in this prospectus.***

***We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; (iii) risks relating to the Global Offering. Additional risks and uncertainties that are not presently known to us or we currently deem immaterial may develop and become material and could also harm our businesses, financial position and results of operations.***

### **RISKS RELATING TO OUR BUSINESS AND INDUSTRY**

**Our future growth may not materialize as planned, and any failure to manage our future growth effectively may have a material adverse effect on our business, financial position and results of operations**

We have been expanding our business since our inception through organic growth as well as acquisitions of other property management companies. As of December 31, 2016, 2017 and 2018 and June 30, 2019, our total GFA under management was approximately 24.2 million sq.m., 44.0 million sq.m., 60.6 million sq.m. and 63.3 million sq.m., respectively.

We seek to continue our expansion through increasing the total GFA and the number of properties we are contracted to manage in existing and new markets, including properties developed by Languang Group and third-party property developers. Please refer to the section entitled “Business — Business Strategies — Further expand our business scales and increase market shares” in this prospectus. However, our expansion plans are based upon our assessment of market prospects. We cannot guarantee that our assessment will prove to be correct or we can grow our business as planned. Our expansion plans may be affected by a number of factors, most of which are beyond our control. Such factors include, among others: (i) changes in China’s economic condition in general and the real estate market in particular; (ii) changes in disposable personal income in the PRC; (iii) changes in government regulations in the PRC; (iv) changes in the supply of and demand for property management and value-added services; and (v) the availability of suitable sub-contractors and suppliers.

To succeed in our business expansion, we will need to recruit and train competent employees, select and work with suitable sub-contractors and suppliers, understand the needs of property owners and residents in the properties where we provide property management services in a timely manner, adapt to new markets where we have no prior experience and in particular, whether we can adapt to the administrative, regulatory and tax environments in such markets.

## RISK FACTORS

We may not be able to generate sufficient liquidity internally and obtain external financing to succeed in our business expansion. In addition, we may face difficulties in adapting to new markets where we have no prior experience and in particular, to the administrative, regulatory and tax environments in such markets. We may have limited ability to leverage our brand names and compete successfully in new markets, particularly against the incumbent players in such markets who might have more resources and experience than us. We may not be able to improve our administrative, technical, operational and financial infrastructure.

We cannot assure you that our future growth will materialize or we will be able to manage our future growth effectively, and failure to do so may have a material adverse effect on our business, financial position and results of operations.

**We expanded our business through acquisitions during the Track Record Period and may fail to achieve the desired benefits from such acquisitions, which could have a material adverse effect on our results of operations**

During the Track Record Period, we acquired Guojia Property, Hangzhou Lvyu, Shanghai Zhenxian, Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng for a consideration of approximately RMB104.0 million, RMB60.0 million, RMB24.0 million, RMB52.0 million, RMB35.0 million and RMB2.3 million, respectively, pursuant to the agreements respectively. Our ability to integrate the acquired business may be affected by a variety of factors. These factors include, but are not limited to, the complexity and size of the acquired business, risks of operating in new markets, unfamiliarity with new regulatory regimes, differences in corporate cultures, inability to retain the acquired company's personnel, as well as additional hidden costs associated with the acquisition.

We may face difficulties in integrating the acquired operations with our existing business, particularly when integrating their existing workforce with ours. For key financial and operational information on Guojia Property, Hangzhou Lvyu, Shanghai Zhenxian, Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng, please refer to Note 30 in the Accountants' Report set out in Appendix I to this prospectus. In addition, properties managed by such acquisition targets have relatively long management history with relatively lower management fees than those for the properties completed in recent years with the same type and in the same area. Although we plan to improve service quality, reduce operating cost and increase the profitability of the projects acquired from third parties, we cannot assure you that our acquisition of Guojia Property, Hangzhou Lvyu, Shanghai Zhenxian, Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng or any other future acquisition target would achieve our desired strategic objectives or expected return on investment. Our acquisitions could also distract our management and employees or increase our expenses, any of which could materially and adversely affect our business, financial position and results of operations.

**We recorded a significant amount of goodwill on our consolidated balance sheets attributable to the acquisitions completed during the Track Record Period. Provision for impairment losses on goodwill would adversely affect our financial position**

Upon the completion of our acquisitions of Guojia Property, Hangzhou Lvyu, Shanghai Zhenxian, Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng, we recorded an aggregated goodwill of RMB184.0 million in our consolidated balance sheet as of June 30, 2019, which reflected the difference between the total acquisition consideration and the fair value of the total identifiable net assets of Guojia Property, Hangzhou Lvyu, Shanghai Zhenxian, Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng that we acquired. If we fail to achieve our desired objectives or if any unforeseen circumstances decreases the expected cash flows from acquired assets, the recoverable amount can be lower than the carrying amount on our financial statements. Under such circumstance, we may need to record impairments against our goodwill in our financial statements, which may reduce our assets and materially and adversely affect our financial position.

## RISK FACTORS

**Provision for the impairment losses on our other intangible assets may adversely affect our financial position. The implementation of our expansion plan might result in an increase in our provision for impairment losses on our other intangible assets and an increase in our amortization and depreciation charges**

Our other intangible assets increased from RMB36.0 million as of December 31, 2016 to RMB76.9 million as of December 31, 2017, further increased to RMB114.8 million as of December 31, 2018 and decreased to RMB114.0 million as of June 30, 2019. Provision for the impairment losses on our other intangible assets may adversely affect our financial position. In addition, we plan to further increase our operation scale and market share by acquiring or investing in property management companies for both residential and non-residential properties, as well as companies engaged in property management related businesses, such as security and gardening. We also plan to further reduce our operating costs and improve our profitability by upgrading our IT system. The implementation of all such plans is expected to result in an increase in other intangible assets, such as customer relationships and computer software, which are generally recognized at fair value at relevant acquisition dates. Moreover, the costs of acquiring such intangible assets will be amortized over their estimated useful lives. As a result, the implementation of our expansion plan might increase our amortization charges and there might be an increase in impairment losses on our other intangible assets on our financial statements, which may in turn materially and adversely reduce our assets and impact our profitability. In addition, our expansion plan will increase our tangible assets and related depreciation charges, which will also adversely affect our financial position.

**Both of our financial assets and liabilities at fair value through profit or loss are subject to changes and the valuation of such assets or liabilities is subject to uncertainties due to the use of unobservable inputs, which may in turn adversely affect our financial performance**

Our financial assets and liabilities at fair value mainly included wealth management products, trust products and structural deposits during the Track Record Period, which may be subject to changes for the relevant period due to the addition or disposal of such assets or liabilities, and gains/losses for the period recognized in profit or loss. In addition, fair value of such assets or liabilities is estimated based on unobservable inputs, such as expected interest rate per annum. The actual changes of any unobservable input may result in changes of the valuation of such assets or liabilities. If there is any increase in the net impairment losses on financial assets due to the change of the valuation of such financial assets, our net profit will be adversely affected.

**Our future acquisitions may not be successful**

We plan to continue to evaluate opportunities to acquire other property management companies and other businesses that are supplementary to our existing business and integrate their operations into our business. However, we cannot assure you that we will be able to identify suitable opportunities.

## RISK FACTORS

Even if we manage to identify suitable opportunities, we may not, in a timely manner, be able to complete the acquisitions on favorable or acceptable terms or at all. The inability to identify suitable acquisition targets or to complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

Acquisitions that we complete also involve uncertainties and risks, including, without limitation:

- potential ongoing financial obligations and unforeseen or hidden liabilities;
- inability to apply our business model or standardized business processes on the acquisition targets;
- failure to achieve the intended objectives, benefits or revenue-enhancing opportunities; and
- diversion of resources and management attention.

Furthermore, we may face difficulties in integrating acquired operations with our existing business, particularly when integrating the existing workforce of local property management with companies we may acquire. Such difficulties could disrupt our ongoing business, distract our management and employees or increase our expenses, any of which could materially and adversely affect our business, financial condition and results of operations. If we fail to identify suitable acquisition opportunities or our future acquisition transactions fail to consummate for reasons beyond our control, the implementation of our business strategies and our operation may be adversely affected.

### **We cannot assure you that we can procure new property management contracts**

During the Track Record Period, we procured new property management contracts primarily through tender and bidding processes. The selection of a property management company depends on a number of factors, including but not limited to the quality of services, level of pricing and operating history of the property management company. We procure most of our initial property management service engagements from property developers through standard public tender procedures regulated by applicable PRC laws and regulations. In 2016, 2017, 2018 and the six months ended June 30, 2019, the success rate of our tender bids for preliminary property management contracts in respect of properties developed by third-party property developers was 53.3%, 48.1%, 59.0% and 56.1%, respectively. We cannot assure you that we will be able to procure new property management contracts in the future on acceptable terms or at all.

Furthermore, a significant portion of our property management contracts related to the management of properties were developed by Languang Group during or before the Track Record Period. In 2016, 2017, 2018 and the six months ended June 30, 2019, the revenue from management services provided to the properties developed by Languang Group accounted for approximately 85.0%, 68.4%, 54.9% and 52.4%, respectively, of our revenue from property management services. We cannot assure you that Languang Group will actually engage us as their property management service provider or prioritize us when selecting their future property management service provider for any property they develop, particularly because the appointment of property management service provider is primarily subject to a tender and bidding process. Any adverse development in the operations of Languang Group or its ability to develop new properties may affect our ability to procure new property management contracts. If we are not able to supplement any shortfall in business from properties developed by Languang Group with business from properties developed by independent property developers, our growth prospects may be materially and adversely affected.



## RISK FACTORS

### **We may be subject to losses and our profit margins may decrease if we fail to control our costs in performing our property management services on a lump sum basis**

We primarily generated revenue from property management services on a lump sum basis, which accounted for approximately 99.4%, 98.6%, 98.8% and 99.1%, respectively, of our total revenue from property management services for 2016, 2017, 2018 and the six months ended June 30, 2019. On a lump sum basis, we charge property management fees at a pre-determined fixed lump sum price per sq.m. per month, representing “all-inclusive” fees for the property management services provided. These management fees do not change with the actual amount of property management costs we incur. We recognize as revenue the full amount of property management fees that we charge to the property owners or property developers, and our cost of sales that the actual costs we incur in connection with rendering our services. For more information, please refer to the sections entitled “Business — Property Management Services — Property Management Fees — Property Management Fees Charged on a Lump Sum Basis” and “Financial Information — Certain Significant Accounting Policies and Accounting Estimates and Judgments — Revenue Recognition” in this prospectus.

In the event that the amount of property management fees that we charge is insufficient to cover all the costs for property management services we incur, we are not entitled to collect the shortfall from the relevant property owners or property developers. As a result, we may suffer losses. During the Track Record Period, we incurred loss in an aggregate amount of approximately RMB10.6 million, RMB14.4 million, RMB13.8 million and RMB9.6 million, respectively, with respect to 31, 80, 98 and 80 projects, respectively, which were managed on a lump sum basis for 2016, 2017, 2018 and the six months ended June 30, 2019, respectively. The aggregate revenue generated from such loss-making properties was approximately RMB27.0 million, RMB45.0 million, RMB86.6 million and RMB48.5 million, respectively, for 2016, 2017, 2018 and the six months ended June 30, 2019, representing approximately 4.1%, 4.9%, 5.9% and 5.2%, respectively, of our total revenue, respectively. Please refer to the section entitled “Business — Property Management Services — Property Management Fees — Property Management Fees Charged on a Lump Sum Basis” in this prospectus.

If we are unable to raise property management fees and remained with a shortfall of working capital after deducting the property management costs, we will seek to cut costs to reduce the shortfall. However, our ability to mitigate such losses through cost-saving initiatives such as operation automation measures to reduce labor costs and energy-saving measures to reduce energy costs may not be successful, and our cost-saving efforts may negatively affect the quality of our property management services, which in turn will further reduce the owners’ willingness to pay us the property management fees.

### **Termination or non-renewal of our property management contracts to a significant number of properties could have a material adverse effect on our business, financial position and results of operations**

In 2016, 2017, 2018 and the six months ended June 30, 2019, revenue generated from our property management services accounted for 58.0%, 62.7%, 61.4% and 58.8%, respectively, of our total revenue. Our property management contracts with property developers generally do not specify the expiration date and will only be terminated in practice upon (i) the establishment of relevant property owners’ associations and (ii) the appointment of a new property management company to a particular property. Our property management contracts with the property owners’ associations generally have fixed terms which need to be renewed upon expiration. For more information, please refer to the section entitled “Business



## RISK FACTORS

— Property Management Services — Property Management Contract” in this prospectus. We cannot assure you that our services can be provided at a satisfactory level to be selected by the relevant property owners for subsequent property management contracts. Moreover, we cannot assure you that our property management contracts will not be terminated prior to the expiration or will be renewed upon their expiration. Termination or non-renewal of a significant number of property management contracts could have a material adverse impact on our business, financial position and results of operations.

**We may not be able to collect property management fees from property owners and property developers and as a result, may incur impairment losses on receivables**

We may encounter difficulties in collecting property management fees from property developers and property owners. Even though we seek to collect overdue property management fees through a number of collection measures, we cannot assure you that such measures will be effective. Moreover, although most of the property management fees are paid to us via bank transfers and online payments, certain property owners and residents would pay their property management fees and value-added service fees in cash, which may impose some cash management risk on us.

We recorded a significant amount of long outstanding trade receivables during the Track Record Period. As of December 31, 2016, 2017 and 2018 and June 30, 2019, our trade receivables that aged more than 180 days were approximately RMB42.9 million, RMB112.6 million, RMB210.5 million and RMB204.8 million, respectively. Considering the relatively low subsequent settlement rate of long outstanding trade receivables and our analysis on recoverability of such balances, we made allowance for impairment of trade receivables of approximately RMB8.8 million, RMB16.5 million, RMB31.1 million and RMB38.1 million as of December 31, 2016, 2017 and 2018 and June 30, 2019, respectively. Our collection rate of property management fees, calculated by dividing the property management fees that we actually received from our property management business line during a year/period by the total property management fees payable to us for this business line accumulated during the same year/period, was approximately 89.3%, 82.9%, 82.6% and 78.4%, respectively, in 2016, 2017, 2018 and the six months ended June 30, 2019. Although our management’s estimates and the related assumptions have been made in accordance with information available to us, such estimates or assumptions may need to be adjusted if new information becomes known. Please refer to the section entitled “Financial Information — Certain Significant Accounting Policies and Accounting Estimates and Judgments — Trade Receivables” in this prospectus. In the event that the actual recoverability is lower than expected, or our past allowance for impairment of trade receivables becomes insufficient in light of any new information, we may need to provide for an additional allowance for impairment of trade receivables, which may in turn materially and adversely affect our business, financial position and results of operations.

If we fail to collect property management fees from property developers and property owners or experience a prolonged delay in receiving such fees, our cash flow position and our ability to meet our working capital requirements may be adversely affected.

## RISK FACTORS

**Our ability to maintain or improve our current level of profitability depends on our ability to control operating costs (particularly labor costs), and our profit margins and results of operations may be materially adversely affected by the increase in labor and other operating costs**

In 2016, 2017, 2018 and the six months ended June 30, 2019, our employee benefits expenses accounted for 63.1%, 63.7%, 62.6% and 52.8%, respectively, of our total cost of sales. During the same periods, the fees paid to third-party sub-contractors represented 16.5%, 20.9%, 22.0% and 25.0%, respectively, of our total cost of sales. To maintain and improve our profit margins, it is critical for us to control and reduce our labor costs as well as other operating costs. We face pressure from rising labor and sub-contracting costs due to various contributing factors, including but not limited to:

- *increase in minimum wages.* The minimum wages in the regions where we operate have increased substantially in recent years, directly impacting our direct labor costs as well as the fees we pay to our third-party sub-contractors.
- *increase in headcount.* As we expand our operations, the headcount of our property management staff, sales and marketing staff and administrative staff will continue to grow. We will also need to retain and continuously recruit qualified employees to meet our growing demand for talent, which will further increase our total headcount. Moreover, as we continue to expand our business scale, we will need a growing number of sub-contractors. This increase in headcount also increased other associated costs such as those related to training, social insurance fund and housing provident fund contributions and quality control measures.
- *delay in implementing management digitalization, procedure standardization and operation automation.* We leave a lapse in time between our commencement of property management services for a particular property and any implementation of our management digitalization, procedure standardization and operation automation measures to such property to reduce labor costs. Before we successfully implement such measures, our ability to mitigate the impact of labor costs increase is limited.

We cannot assure you that we will be able to control our costs, improve our efficiency or successfully pass the cost impact on to the property management fees charged by us to maintain our profitability. If we cannot achieve this goal, our business, financial position and results of operations may be materially and adversely affected.

**A significant portion of our operations is concentrated in Sichuan Province, and our business could be adversely affected in the event of any adverse development in government policies or business environment in this region**

We focus on cities with high population densities in economically developed regions, and the majority of our operations are concentrated in Sichuan Province. As of December 31, 2016, 2017, 2018 and June 30, 2019, we managed an aggregate GFA of approximately 18.4 million sq.m., 24.1 million sq.m., 33.4 million sq.m. and 34.2 million sq.m., respectively, of properties in Sichuan Province, which accounted for approximately 76.0%, 54.8%, 55.1% and 54.0%, respectively, of our total GFA of managed properties as of such dates and our revenue generated from property management services in Sichuan Province accounted for approximately 82.4%, 72.4%, 59.5% and 59.8% of our total revenue in 2016, 2017, 2018 and the six months ended June 30, 2019, respectively. Due to such concentration, any adverse development in government policies or business environment in Sichuan Province will materially and adversely affect our business, financial position and results of operations.

## RISK FACTORS

### **Our one-stop service platform and community value-added services business may not grow as planned**

We commenced the implementation of our one-stop service platform in selected properties in July 2015. We plan to develop our one-stop service platform by expanding our service offerings and customer base and improving the integration of our relevant service platforms. For more information, please refer to the section entitled “Business — Our One-stop Service Platform and ‘Justbon Life Pro (嘉寶生活家)’ mobile application” in this prospectus. We aim to expand the functionality of our one-stop service platform and our mobile applications, in particular, “Justbon Life Pro (嘉寶生活家)” to increase accessibility and user rate, and improve user experience and plan to attract further use by residents of the properties we manage as well as local vendors. However, we cannot assure you that we can expand such business as planned. We need to recruit qualified employees with relevant experience to develop our community value-added services business. As the market is competitive, there is no assurance that we will be able to recruit sufficient qualified employees to support our growth plan. Additionally, the development of community value-added services also depends on our ability to tap our existing customer base from our managed properties for community value-added services, as well as our ability to identify suitable products and services to be marketed and sold through our relevant service platforms. However, our current planning may change and certain community value-added services that we plan to offer may not be realized due to changes in customer demand and market trends. Moreover, we may also encounter technical problems, security issues and logistical issues that may prevent our platform from functioning properly and our users from receiving desired products and services. We may also be exposed to product liability arising from selling the products or services through our platform under relevant PRC laws and regulations. In addition, we may need license approval and renewal under relevant PRC laws. We cannot assure you that we can obtain or renew our license on time, if at all. Any of the foregoing could adversely affect our reputation, business, financial position and results of operations.

### **We may fail to recover all payments on behalf of property owners and residents of the properties managed on a commission basis**

In 2016, 2017, 2018 and the six months ended June 30, 2019, revenue generated from our property management services on a commission basis accounted for 0.6%, 1.4%, 1.2% and 0.9%, respectively, of our total revenue from property management services. When we are contracted to manage properties on a commission basis, we essentially act as an agent of the property owners. Since the management offices of these communities have no separate bank accounts, all transactions related to these management offices are settled through our treasury function. As of the end of a reporting period, if the working capital of a management office accumulated in our treasury function is insufficient to cover the expenses the management office has incurred and paid through our treasury function to arrange for property management services at the relevant communities, the shortfall is recognized as receivable subject to impairment.

Management estimation is required to determine whether the management offices have the ability to settle the payments on behalf of residents. We take into consideration a number of indicators to determine whether there is objective evidence of impairment loss on payments on behalf of residents, including, among others, subsequent settlement status, historical write-off experience and management fee collection rate of the residents in estimating the future cash flows from the receivables. Some of the payments on behalf of residents may have lower recoverability if the relevant communities have poor financial performance. For instance, if a significant number of communities consistently carry account payables which are significantly higher than their receivables at the management office level,

## RISK FACTORS

their financial and liquidity positions may deteriorate, which in turn may affect the recoverability of our payments on behalf of residents attributable to them. For the balances that our management believes may not be recovered within a reasonable time, we write such balances off as an impairment of trade receivables. For further information on impairment of payments on behalf of residents, please refer to the section entitled “Financial Information — Critical Accounting Estimates and Judgments — Allowance on Doubtful Receivables” in this prospectus.

Although our management’s estimation or the related assumptions have been made according to information available to us currently, such estimation or assumptions may need to be adjusted if new information comes up. In the event that the actual recoverability is lower than expected, or our past allowance on bad debt becomes insufficient in light of new information, we may need to make more allowance on bad debt, which in turn may materially and adversely affect our business, financial position and results of operations.

### **Our liquidity position may be adversely affected if our customers do not pay our fee to us on time or in full**

We rely on cash inflow from our customers to meet our payment obligations to our suppliers and sub-contractors. We would experience significant cash flow mismatch when there is a significant timing difference between payments to us from our customers and payments by us to our suppliers and sub-contractors. There is no assurance that the financial position of our customers will remain healthy in the future. If our customers are unable to settle their payments due to us in a timely manner or at all, our operating cash flow and liquidity position could be materially and adversely affected.

### **Our business is subject to third-party payment processing related risks**

We accept payments using a variety of methods, including payment through third-party online payment platforms, such as WeChat Pay and Alipay, online payments with credit cards and debit cards issued by banks in China, and may accept payment on delivery in the future. For certain payment methods, including credit and debit cards, we will pay interchange and other fees, which may increase over time and raise our operating costs and lower our profitability. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment and payment on delivery options. We are also subject to various rules and requirements, regulatory or otherwise, governing electronic funds transfers, which are subject to change or reinterpretation that could make it difficult or impossible for us to comply with. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from consumers, process electronic funds transfers or facilitate other types of online payments, and our business, financial position and results of operations could be materially and adversely affected.

### **Our historical results may not be indicative of our future prospects and results of operations**

Although we experienced stable revenue and profit growth during the Track Record Period, we cannot assure you that we can sustain such growth in the future. Our profitability depends partially on our ability to control costs and operating expenses, which may increase as our business expands. In addition, we may continue to devote significant resources to develop our community value-added services. This initiative may negatively impact our short-term profitability. If our efforts in community value-added services development prove ineffective, and we fail to increase revenue, or if our costs and operating expenses grow faster than our revenue, our business, financial position and results of operations may be negatively affected.

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**We rely on third-party sub-contractors to perform certain property management services and may face risks associated with their substandard services to our customers or disputes with such sub-contractors**

We delegate certain property management services, primarily including cleaning, greening, gardening, security and repair and maintenance services, to third-party sub-contractors. In 2016, 2017, 2018 and the six months ended June 30, 2019, the fees paid to third-party sub-contractors were approximately RMB73.4 million, RMB122.5 million, RMB215.6 million and RMB154.2 million, respectively, accounting for approximately 16.5%, 20.9%, 22.0% and 25.0% of our total cost of sales in the corresponding periods, respectively. We may not be able to monitor their services as directly and efficiently as our own services. Sub-contractors may take actions contrary to our or our customers' instructions or requests, or be unable or unwilling to fulfill their obligations. As a result, we may have disputes with our sub-contractors, or may be held responsible for their actions, either of which could lead to damages to our reputation, additional expenses and business disruptions and potentially expose us to litigation and damage claims. We cannot assure you that upon the expiration of our agreements with our current third-party sub-contractors we will be able to renew such agreements or find suitable replacements in a timely manner, on terms acceptable to us, or at all.

In addition, if our third-party sub-contractors fail to maintain a stable team of qualified staff or do not have easy access to a stable supply of qualified manual labor or fail to perform their obligations properly or in a timely manner, the work process may be interrupted. Any interruption to the third-party sub-contractors' work process may potentially result in a breach of the contract between our customers and us. Any of such events could materially and adversely affect our service quality, our reputation, as well as our business, financial position and results of operations.

**We are in a highly competitive business with numerous competitors and if we do not compete successfully against existing and new competitors, our business, financial position, results of operations and prospects may be materially and adversely affected**

The PRC property management industry is highly competitive and fragmented. For details, please refer to the section entitled "Industry Overview — The Property Management Industry in the PRC — Competition — Competitive Landscape" in this prospectus. Our major competitors include large national, regional and local property management companies. Competition may intensify as our competitors expand their product or service offerings or as new competitors enter our existing or new markets. We believe that we compete with our competitors on a number of factors, primarily including business scale, brand recognition, financial resources, price and service quality. Our competitors may have better track records, longer operating histories, greater financial, technical, sales, marketing, distribution and other resources, as well as greater name recognition and larger customer bases. As a result, these competitors may be able to devote more resources to the development, promotion, sale and support of their services. In addition to competition with established companies, new companies may enter our existing or new markets. We cannot assure you that we will be able to continue to compete effectively or maintain or improve our market position, and such failure could have a material adverse effect on our business, financial position and results of operations.

We believe our current success can be partially attributed to our standardization, automation and smart management of operations in providing our property management services. We plan to refine our service standardization, automation and smart management practice, to enhance the quality and consistency of our services, improve our on-site service teams' efficiency and reduce our costs. Our competitors may emulate our business model, and we may lose a competitive advantage that has distinguished ourselves from our competitors. If we do not compete successfully against existing and new competitors, our business, financial position, results of operations and prospects may be materially and adversely affected.



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Furthermore, we may lose property developer clients who decide to enter into the property management business, which will also intensify the competition in the market. We seek to retain large and reputable property developers as our clients, and such clients may develop their own property management businesses and provide property management services in-house. In such event, we may lose future business from such property developers, and our business, financial position and results of operations and could be materially and adversely affected.

### **We have a limited operating history in our “Justbon Life Pro (嘉寶生活家)” business**

We commenced our “Justbon Life Pro (嘉寶生活家)” business in 2015. We have a short operating history in the business of “Justbon Life Pro (嘉寶生活家).” You should consider our prospects in light of the risks, expenses and challenges that we may face as an early-stage company with limited experience in operating such business in a competitive market. We have encountered and expect to continue to encounter risks and difficulties frequently experienced by early-stage businesses, and those risks and difficulties may be heightened in a rapidly evolving market. Some of the risks may affect our ability to:

- retain customers and qualified employees;
- maintain effective control of our development as well as operating costs and expenses;
- develop and maintain internal personnel, systems, controls and procedures to comply with the extensive regulatory requirements applicable to the relevant industries;
- respond to competitive market conditions in the relevant industries; and
- respond to changes in our regulatory environment.

Our failure to achieve any of the above may jeopardize our ability to operate our “Justbon Life Pro (嘉寶生活家)” business in the manner we contemplate, which in turn will cause an adverse effect on our business and prospects, financial position, cash flows and results of operations.

### **Our property management agreements may have been obtained without the required tender and bidding process**

During the Track Record Period, one project under our management had been engaged without the required tender and bidding process under applicable PRC laws and regulations. Such project had an aggregate GFA of approximately 0.4 million sq.m. as of June 30, 2019. The revenue generated from our management of such project amounted to approximately nil, nil, RMB3.0 million and RMB2.6 million, respectively, in 2016, 2017, 2018 and the six months ended June 30, 2019, accounting for approximately nil, nil, 0.2% and 0.3%, respectively, of our total revenue. For details, please refer to the section entitled “Business — Property Management Services — Property Management Contract” in this prospectus.

Under applicable PRC laws and regulations, residential property developers shall hire qualified property management service providers through a tender and bidding process. According to the applicable PRC laws and regulations, a residential property developer may be required to take rectification measures within a prescribed period and pay fines if it fails to comply with such tender and bidding requirement.

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The lack of a tender and bidding process for the selection of property management service provider for the aforementioned projects was not caused by us but by the relevant property developer. As advised by our PRC Legal Advisor, JunHe LLP, current PRC laws and regulations are silent on whether a property management service provider shall be subject to any administrative penalty if it was contracted without a required tender and bidding process. In addition, relevant PRC laws and regulations do not explicitly stipulate whether the validity of the property management contract would be affected by the lack of a tender and bidding process. Judicial practice varies in the PRC and the abovementioned contracts executed without a tender and bidding process may be determined invalid by relevant local judicial authorities. If this occurs, we may lose a portion of our revenue accrued under such property management contracts. In addition, the relevant property developer may need to organize a tender and bidding process to select a property management service provider for their developed projects. In the case that we do not win the tender and bidding, we may not continue our property management services for the relevant projects and, as a result, our revenue and business may be negatively impacted. For more details, please refer to the section entitled “Business — Property Management Services — Property Management Contract” in this prospectus.

**Interruptions and security risks to our IT systems, including security breaches and identity theft, may result in disruption of our operations and reduced use of our relevant service platforms by our customers, and expose us to the risk of litigation which could negatively affect our business, financial position, results of operations and our reputation**

If we are unable to detect any system error, continue to upgrade our IT systems and network infrastructure and take other steps to improve the efficiency of our IT systems, there may be system interruptions or delays, which could adversely affect our operating results. In addition, we may experience occasional system interruptions and delays that could make any of our relevant online applications and their services unavailable or difficult to access, and prevent us from promptly responding or providing services to our customers, which may reduce the attractiveness of our applications and even incur losses to our customers who may bring legal proceedings against us. In addition, we do not have control over the security measures of our third-party online payment platform service providers. Security breaches of the online payment platforms that we use could expose us to litigation and possible liability for failing to secure confidential user information and could, among others, damage our reputation. Any leak of confidential information, breach of network security or other misappropriation or misuse of personal information may cause interruptions in our business operation and subject us to increased costs, litigation and other liabilities, which could negatively affect our financial and operating results and damage our reputation.

**Damages to the common areas of the properties we manage as a result of any natural disasters, intended or unintended actions of residents or other events could adversely affect our business, financial position and results of operations**

The common areas of the properties that we manage may be damaged or impacted in a variety of ways that are out of our control, including but not limited to natural disasters, residents’ intended or unintended actions, and epidemics, such as severe acute respiratory syndrome. For example, in the event of natural disasters, such as earthquake, typhoon or flood, the common areas may be materially damaged. Although a special fund for residence maintenance is available to cover the cost of repairing or restoring the damaged areas in such circumstances, we cannot assure you that such special fund will be sufficient. If any person purposely or recklessly sets fire or causes flooding in an apartment or common area, the exterior of the building, corridors and stairways may be damaged. If a person commits or



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is suspected of having committed criminal activities within our residential communities, we need to allocate additional resources to assist the police and other governmental authorities in their investigations. In the event of any damage that affects the common areas, our current residents may be affected and we may have to fix the damage with our own resources and then attempt to collect fees from the property developers or property owners to cover our expenses. Please refer to the section entitled “Regulatory Overview — Legal Supervision over Property Management Services — Charging of Property Management Enterprises” in this prospectus.

The additional costs we incur due to damage to the common areas may increase along with our business growth and geographic expansion. For example, certain areas where we operate may be located on earthquake belt or may be exposed to typhoons. Although none of our assets, business, financial positions and results of operations were materially affected during the Track Record Period, our managed properties continue to be exposed to such risks of damage due to natural disasters, epidemics and residents’ intended or unintended actions.

### **Accidents in our business may expose us to liability and reputational risk**

Accidents may occur in the course of our business. We provide repair and maintenance services to property developers and managed properties through our own employees and third-party sub-contractors. Repair and maintenance services such as elevator maintenance involve the operation of heavy machinery and, are subject to risks of work injuries or accidents. These occurrences could result in damage to, or destruction of, properties of the communities, personal injury or death and legal liability. During the Track Record Period and up to the Latest Practicable Date, we did not experience any work injury incident or accident in the course of our operations resulting in a material adverse effect on our business, financial position or results of operations. In addition, we are exposed to claims that may arise due to employees’ or third-party sub-contractors’ negligence or recklessness when performing repair and maintenance services. We may be held liable for the injuries or deaths of employees, sub-contractors, residents or others. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of the foregoing could adversely affect our reputation, business, financial position and results of operations.

### **Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining requisite government approvals or licenses in carrying out our operations**

We are required to obtain and maintain certain licenses, permits, certificates and approvals for our business operations such as real estate brokerage license and food sales license. We must meet various specific conditions in order for the government authorities to issue or renew any such certificate or permit. We cannot guarantee that we will be able to adapt to new rules or regulations that may come into effect from time to time with respect to our services or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing the necessary government approvals for any of our operations, we will not be able to continue our relevant business development plans, and our business, financial condition and results of operations may be adversely affected.

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**Negative publicity, including adverse information on the internet, about us, our Shareholders and affiliates, our brand, management, vendors and product offerings may have a material adverse effect on our business, reputation and the trading price of our H Shares**

Negative publicity about us, our Shareholders and affiliates, our brand, management, vendors and product offerings may arise from time to time. Negative comments on the properties managed by us, products offered, our business operations and management may appear in Internet postings and other media sources from time to time and we cannot assure you that other types of negative publicity will not arise in the future. For example, if our services fail to meet the needs and expectations of our customers, our customers may disseminate negative comments about our services on the Internet. In addition, suppliers for our platform may also be subject to negative publicity for various reasons, such as customers' complaints about the quality of their products and services or other public relation incidents with respect to such vendors, which may adversely affect the sales of their products or services through our one-stop service platform and indirectly affect our reputation. Moreover, negative publicity about the one-stop service platform of our property management services or e-commerce service providers in China may arise from time to time and cause customers to lose confidence in the products and services offered through our one-stop service platform. Any such negative publicity, regardless of veracity, may have a material adverse effect on our business, our reputation and the trading price of our H Shares.

**We may not be able to detect and prevent fraud or other misconduct committed by our employees or third-parties**

We are exposed to fraud or other misconducts committed by our employees, sub-contractors, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm to our reputation. For example, theft conducted by third parties might cause us compensation if we were held negligent or reckless and might also damage our reputation in the market. In addition, where we rely on third-party goods or service providers that we cooperate with to deliver goods and services to residents, any major interruptions to or failures in these third-parties' services could prevent the timely and successful delivery of relevant goods or services. These interruptions may be due to unforeseen events that are beyond our control or the control of these third-party companies, such as inclement weather, natural disasters, transportation interruptions or labor unrest or shortage. If the purchased goods are not delivered on time or are delivered in a damaged state or if the purchased services are not timely or properly rendered, customers may refuse to accept the goods or services and may claim refunds from us or the relevant suppliers, and the suppliers for our "Justbon Life Pro (嘉寶生活家)" mobile application may lose confidence in our services. As a result, we may lose suppliers for our "Justbon Life Pro (嘉寶生活家)" mobile application and our financial position and reputation could be damaged.

Our management information system and internal control procedures may fail to identify non-compliances and/or suspicious transactions in a timely manner, or at all. Further, it is not always possible to detect and prevent fraud and other misconducts, and the precautions we take to prevent and detect such activities may not be effective. There will therefore continue to be risks that fraud and other misconducts may occur and cause negative publicity, which may have an adverse effect on our business, reputation, financial position and results of operations.

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**Our success depends upon the retention of our senior management as well as our ability to attract and retain qualified and experienced employees; therefore, resignation of any member of our senior management or qualified and experienced employees would affect our operations**

Our continued success is highly dependent upon the efforts of our Executive Directors and other key employees, including Mr. Yao Min, Mr. Chen Jingchao and Mr. Wu Gang who are experienced in property management and related industries. For further information on our senior management, please refer to the section entitled “Directors, Supervisors and Senior Management” in this prospectus. If any of our key employees leaves and we are unable to promptly hire or integrate a qualified replacement, our business, financial position and results of operations may be materially and adversely affected. In addition, the future growth of our business will depend, in part, on our ability to attract and retain qualified personnel in all aspects of our business, including corporate management and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be materially and adversely affected.

**Our failure to protect our intellectual property rights could have a negative impact on our business and competitive position**

We have registered and are in the process of registering several intellectual property rights in the PRC. We consider these intellectual properties are our crucial business assets, key to our customer loyalty and essential to our future growth. The success of our business depends substantially upon our continued ability to use our brands, trade names and trademarks to increase brand recognition and to develop our brands. The unauthorized reproduction of our trade names or trademarks could diminish the value of our brands as well as our market reputation and competitive advantages. Please refer to the section entitled “Business — Intellectual Property” in this prospectus.

Our measures to protect our intellectual property rights may afford limited protection and policing unauthorized use of proprietary information can be difficult and expensive. In addition, enforceability, scope and validity of laws governing intellectual property rights in the PRC are uncertain and still evolving, and could involve substantial risks to us. If we were unable to detect unauthorized use of, or take appropriate steps to enforce our intellectual property rights, it could have a material adverse effect on our business, financial position and results of operations. We are also exposed to the risk that a third party successfully challenges the licensor’s ownership of, or our right to use, the relevant trademarks or if a third party uses such trademarks without authorization.

**Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter**

We cannot assure you that our insurance coverage will be sufficient or available to cover damages, liabilities or losses we may incur in the course of our business. Moreover, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, war or civil disorder. If we are held responsible for any such damages, liabilities or losses and there is an insufficiency or unavailability of insurance, there could be a material adverse effect on our business, financial position and results of operations. Please refer to the section entitled “Business — Insurance” in this prospectus.

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### **We may be exposed to liabilities from disputes involving products and services marketed on our one-stop service platform**

We collaborate with local vendors surrounding the properties we manage to allow them to display information of their products and services free of charge on our one-stop service platform, including “Justbon Life Pro (嘉寶生活家)” mobile application. As a result, we may become, or may be joined as, a defendant in litigation or administrative proceedings brought against such local vendors by purchasers of their products and services, governmental authorities or other third parties. These actions could involve claims alleging, among others, that:

- the quality of the products sold on our one-stop service platform fails to meet the relevant requirements;
- information provided on our platform with respect to such products or services are false, deceptive, misleading, libelous, injurious to the public welfare or otherwise offensive;
- such local vendors’ products or services advertised on our one-stop service platform are defective or injurious and may be harmful to others; and
- such local vendors’ marketing, communications or advertising infringe the proprietary rights of third parties.

In addition, if the products sold on our “Justbon Life Pro (嘉寶生活家)” mobile application are deemed by the PRC government authorities to fail to conform to product quality and personal safety requirements, we could be subject to regulatory action. We may be responsible for such incidents and such incidents may cause material adverse effect on our reputation, and we cannot guarantee that we will not suffer loss based on our supplier contracts.

Furthermore, we may be subject to product liabilities. We currently do not carry any product liability insurance coverage. Any product liability claim or governmental regulatory action could be costly and time-consuming. We could be required to pay substantial damages as a result of such claim or action. A material design, manufacturing or quality failure in other parties’ products offered on our one-stop service platform, safety issues or heightened regulatory scrutiny could each result in a product recall and increased product liability claims. Furthermore, customers may not use the products offered on our one-stop service platform in accordance with product usage instructions, possibly resulting in customer injury. All of these events could materially harm our brands and reputation and marketability of such products, divert our management’s attention and have a material adverse effect on our business, financial position and results of operations.

### **The preferential income tax treatment that we enjoy in the PRC may be altered or terminated**

We cannot assure you that the PRC policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or will be entitled to enjoy will not be terminated. According to the applicable PRC tax regulations, the statutory corporate income tax rate in the PRC is 25%. We and our certain subsidiaries in the PRC are located in western cities and are subject to a preferential income tax rate of 15% in certain years. We cannot assure you that we will continue to enjoy the aforementioned preferential income tax treatment. If the applicable PRC tax regulations change, if we fail to renew any preferential tax treatment qualification in time or at all, or if any change or termination of preferential tax treatment occurs, the increase in our tax change or any other related tax liabilities could materially and adversely affect our results of operations and financial condition.

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### **The expansion of our business may expose us to increased risks of non-compliance with rules and regulations issued by governments at provincial and local levels**

As we expand our business operations into new geographic regions and broaden the range of services we perform, we are subject to an increasing number of provincial and local rules and regulations. In addition, because the size and scope of our operations increased significantly during the Track Record Period, our difficulty in ensuring compliance with the various local property management regulations and the potential for loss resulting from non-compliance have increased. If we fail to comply with applicable local regulations, we may be subject to penalties by the competent authorities. For further details related to historical non-compliance, please refer to the section entitled “Business — Legal Proceedings and Compliance — Historical Non-Compliance Incidents” in this prospectus. The laws and regulations applicable to our business, whether national, provincial or local, may also change in ways that materially increase the costs of compliance, and any failure to comply could result in significant financial penalties which could have a material adverse effect on our business, financial position and results of operations.

### **We may be subject to fines for our failure to register for and/or contribute to social insurance fund and housing provident fund on behalf of some of our employees**

During the Track Record Period, we did not register for and/or fully contribute to certain social insurance and housing provident funds for our employees. We made provisions in the amounts of approximately RMB1.2 million, RMB2.8 million, RMB3.3 million and RMB1.8 million, respectively, on our financial statements in respect of such potential liabilities in 2016, 2017, 2018 and the six months ended June 30, 2019.

Our PRC Legal Advisor, Junhe LLP, has advised that the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. Our PRC Legal Advisor, JunHe LLP, has also advised us that, under the relevant PRC laws and regulations, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period. For details, please refer to the section entitled “Business — Legal Proceedings and Compliance — Historical Non-Compliance Incidents” in this prospectus. In the case we fail to pay the outstanding contributions, or to complete the housing fund registration in accordance with PRC laws and as required by the relevant PRC authorities, we may be subject to a penalty fine and/or an order from the relevant people's court to enforce such payments.

### **We may be involved in legal and other disputes and claims from time to time arising out of our operations**

We may, from time to time, be involved in disputes with and subject to claims by property developers, property owners and residents, property owners' association as well as local property management companies, to whom we provide property management services. Disputes may also arise if they are dissatisfied with our services. In addition, property owners may take legal action against us if they perceive that our services are inconsistent with our service standards we agreed to. Furthermore, we may from time to time be involved in disputes with and subject to claims by other parties involved in our business, including our third-party sub-contractors, suppliers and employees, or other third parties who encounter injuries or damages while visiting properties under our management. All of these disputes and claims may lead to legal or other proceedings or cause negative publicity against us, thereby resulting in damage to our reputation, substantial costs and diversion of resources and management's attention from our business activities. Any such dispute, claim or proceeding may have a material adverse effect on our business, financial position and results of operations.



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### **Some of our lease agreements have not been filed with the relevant PRC authorities, and as a result, we might be subject to administrative fines**

As of the Latest Practicable Date, we had not completed the administrative filings of the lease agreements relating to five properties we leased. These properties had an aggregate GFA of approximately 3,420.8 sq.m. According to applicable PRC administrative regulations, the lessor and the lessee of a lease agreement are required to file the lease agreement with relevant governmental authorities within 30 days after the execution of the lease agreement. If the filing is not made, the governmental authorities may require that the filing be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. It is not clear under applicable PRC laws if the fine will be borne by the lessor or lessee. According to applicable PRC administrative regulations, lessors of the related leases need to provide us with certain documents (such as their business licenses or identification information) in order to complete the administrative filing. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the filings. If we fail to complete the administrative filings within a period required by the relevant governmental authorities and the relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, we may be subject to a fine of up to RMB10,000 for each such lease agreement or such other fine which may be determined by relevant government authorities.

### **We are subject to the regulatory environment and measures affecting the PRC property management industry**

Our operations are affected by the regulatory environment and measures affecting the PRC property management industry. In particular, the fees that property management companies may charge in connection with property management services are regulated and supervised by relevant PRC authorities. Please refer to the section entitled “Regulatory Overview — Legal Supervision over Property Management Services — Charging of Property Management Enterprises” in this prospectus. In December 2014, the National Development and Reform Commission of the PRC issued the Circular of NDRC on the Opinions on Relaxing Price Controls in Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》) (發改價格[2014]2755號) (the “Circular”), which requires provincial-level price administration authorities to abolish all price control or guidance policies on residential properties other than affordable housing, housing reform properties and properties in old residential areas and preliminary property management agreements. Property management fees for affordable housing, housing-reform properties and properties in old residential areas and management fees under preliminary property management agreements remain subject to price guidance imposed by provincial level price administration departments and the administrative departments of housing and urban-rural development. Although we expect the price controls on residential properties to be relaxed over time pursuant to the Circular, our property management fees will continue to be subject to price controls until local regulations implementing the Circular are passed.

The government-imposed limits on fees, coupled with rising labor and other operating costs, could have a negative impact on our earnings. If properties are managed on a lump sum basis, we may experience a decrease in profit margin. If properties are managed on a commission basis, in the event that the collected fees after deducting the commission are insufficient to cover property management expenses, the property owners are legally responsible for making up for such shortage. In our experience, however, given the stringent governmental regulations on property management fees, together with the difficulties we may face in obtaining the requisite votes at property owners’ meetings, it may be impracticable to collect additional property management fees. We may therefore be forced to reduce costs, so as to strike a balance between collected property management fees and expenditures related to property management service provisions, or write off the uncollected

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payments on behalf of the residents. We cannot assure you that the PRC regulations on fees and other matters concerning our industry will not have a material adverse effect on our business, financial position and results of operations.

### **We are affected by the PRC government regulations on the PRC real estate industry, which may limit our business growth**

We generated most of our revenue from our property management services during the Track Record Period. The performance of our property management services business primarily depends on the total GFA and number of residential properties we manage. As such, our growth in the property management services business is, and will likely continue to be, affected by the PRC government regulations of the real estate industry. For further information on laws and regulations applicable to our business, please refer to the section entitled “Regulatory Overview” of this prospectus.

The PRC government has continued to introduce various restrictive measures to discourage speculation in the real estate market. The government exerts considerable direct and indirect influence on the development of the PRC real estate industry by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce property development activities, place limitations on the ability of commercial banks to make loans to property purchasers, impose additional taxes and levies on property sales and affect the delivery schedule and occupancy rates of the properties we service. Any such governmental regulations and measures may affect the PRC real estate industry, thus limiting our business growth and resulting in a material adverse effect on our business, financial position and results of operations.

### **Our business is significantly influenced by various factors affecting our industry and general economic conditions**

Our business, financial position and results of operations are and will continue to be dependent on various factors affecting the property management industries and general economic conditions, most of which are beyond our control. For example, limited flexibility in charging property management fees can adversely affect profit margins in the event of rising labor cost. Furthermore, any economic slowdown, recession or other developments in the PRC social, political, economic or legal environment could result in fewer new property development projects, or a decline in the purchasing power of residents living in the communities we manage or provide consultancy services to, resulting in a lower demand for our services and lower revenue and income contribution for us. China’s economic growth may also slow down due to weakened exports as well as recent developments surrounding the trade war with the United States. Starting in April 2018, the United States imposed tariffs on steel and aluminum imports from China, and later on July 6, 2018, the United States imposed 25% tariffs on US\$34 billion worth of Chinese goods as part of President Donald Trump’s tariffs policy. In turn, the PRC responded with similarly sized tariffs on United States’ products. On September 18, 2018, President Donald Trump imposed 10% tariffs on approximately US\$200 billion worth of Chinese goods and plans to further increase the rate to 25% in January 2019. In return, the PRC responded with tariffs on US\$60 billion of U.S. goods. The amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy and the PRC property management industry uncertain. Should the trade war between the United States and the PRC begin to materially impact the PRC economy, the purchasing power of our customers in the PRC would be negatively affected. As such, our business, financial position and results of operations would be materially and adversely affected.



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### **Our reputation may be adversely affected by customer complaints relating to the services provided by our Group even if they may be frivolous or vexatious**

Our customers may file complaints or claims against our Group regarding our services. Our customers are largely individual property owners and residents and our business is to provide property management and other services to them, which include addressing their everyday needs. These property owners and residents, even though living in the same property under our management, come from different background and may have different expectations on how their properties and neighborhoods shall be managed. Therefore, in our ordinary course of business, we need to balance varying expectations among different groups of property owners and residents.

Although we have established procedures to monitor the quality of our services and maintained communication channels through which customers may provide feedback and complaints, there is no assurance that all property owners' and residents' expectations and demands can be addressed in a timely and effective manner. There is no guarantee that certain individual property owners and residents and/or groups of property owners and residents of a property under our management will not have specific demands or expectations which are beyond what we can provide within our normal course of operations. Furthermore, there is no guarantee that, in order to compel us to meet these demands, such property owners and residents will not attempt to exert pressure on our Group by means beyond our control, such as lodging or making frivolous or vexatious complaints directly to us or through various media sources. Any of such events or any negative publicity thereof, regardless of veracity, may distract our management's attention and have an adverse effect on our business, our reputation and the trading price of our Shares.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any complaints from our customers that may have a material adverse impact on our operations and financial position. Nevertheless, we cannot assure you that we will not receive customer complaints which may affect our reputation even if the complaints are frivolous or vexatious.

### **Any inability to comply with our environmental responsibilities may subject us to liability**

We are subject to extensive and increasingly stringent environmental protection laws, regulations and decrees that impose fines for violating such laws, regulations or decrees. In addition, there is a growing awareness of environmental issues, and we may sometimes be expected to meet a standard which is higher than the requirement under the prevailing environmental laws and regulations. In addition, there is no assurance that more stringent environmental protection requirements will not be imposed in the future. If we are unable to comply with existing or future environmental laws and regulations or are unable to meet public expectations related to environmental matters, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions and our operations may be suspended, any of which may materially and adversely impact our business, financial position, results of operations and growth prospects.

### **Our ability to access credit and capital markets may be adversely affected by factors beyond our control**

Interest rate increases by the PBOC or market disruptions may increase our cost of borrowing or adversely affect our ability to access sources of liquidity upon which we may rely to finance our operations and satisfy our obligations as they become due. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges. There can be no assurance that the anticipated cash flow from our operations will be sufficient to meet all of our cash requirements, or that we will be able to secure external financing at competitive rates, or at all. Any such failure may adversely affect our ability to finance our operations, meet our obligations or implement our growth strategy.

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### RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

#### **PRC economic, political and social conditions as well as government policies could affect our business**

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to, structure, degree of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. In the past, the PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial position and results of operations may be adversely affected by the PRC government's control over capital investment, price controls or any changes in tax regulations or foreign exchange controls that are applicable to us.

In the past, the PRC government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. The PRC economy has grown significantly in recent decades, but there can be no assurance that such growth will continue or continue at the same pace. However, the PRC government continues to play a significant role in regulating industrial development and the allocation, production, pricing and management of resources. In addition, demand for our services and business, financial position and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws, regulations or policies or the interpretation of laws, regulations or policies;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

#### **Holders of our H Shares who are foreign individuals are subject to PRC income tax, and there are uncertainties as to the PRC tax obligations of holders of our H Shares who are foreign enterprises**

Under applicable PRC tax laws, regulations and rules, non-PRC resident individuals and enterprises who are holders of our H Shares are subject to different tax obligations.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations, non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for dividends received from us and the gains realized upon the sale or other disposition of the H Shares held by them. We are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdictions in which the foreign individuals reside, reduce or provide an exemption for the relevant tax obligations. Generally, a tax rate of 10% shall apply to the dividends paid by companies listed in Hong Kong to non-PRC resident individuals, pursuant to Circular of the State Administration of Taxation on Individual Income Tax Collection Issues upon Abolishment of Document Guoshuifa [1993] No. 045 (《國家稅務總局關於國稅法[1993]045號文件廢止後有關個人所得稅徵管問題的通知》). Where the 10% tax rate is not applicable, the withholding company shall: (i) return the excessive tax amount pursuant to the relevant procedures if the applicable tax rate is below 10%; (ii) withhold such income tax payable by the foreign individual at the applicable tax rate if the applicable tax rate is between 10% and 20%; and (iii) withhold such foreign individual income tax at a rate of 20% if no double tax treaty is applicable.

## RISK FACTORS

In addition, although under the Individual Income Tax Law of the PRC and its implementation regulations, non-PRC resident individuals are subject to individual income tax at a rate of 20% on gains realized upon sale or other disposition of H Shares, pursuant to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT, income of individuals derived from the transfer of shares in listed companies continued to be temporarily exempt from individual income tax. There is no assurance that such tax exemption will continue in the future. If such tax is collected in the future, the value of non-PRC resident individuals' investments in our H Shares may be materially and adversely affected.

For non-PRC resident enterprises that do not have establishments or premises in China, or have establishments or premises in China but their income is not related to such establishments or premises, under the EIT Law, dividends paid by us and the gains realized by such non-PRC resident enterprises from the sales or other disposition of H Shares are subject to PRC enterprise income tax at a rate of 20%. In accordance with the EIT Law Implementation Rules and the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to Shareholders Which are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%, which is subject to a further reduction under an applicable treaty or a special arrangement between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. On August 21, 2006, China and Hong Kong entered into the Arrangements between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), pursuant to which any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay enterprise income tax for the dividends declared and paid by us at a tax rate of 5% subject to the satisfaction of certain conditions such as approval by the relevant PRC tax authority.

There are significant uncertainties as to the interpretation and enforcement of the relevant PRC tax laws, regulations and rules, including whether the reductions, exemptions and other beneficial tax treatments mentioned above will be revoked in the future such that all non-PRC resident individual holders of our H Shares will be subject to PRC individual income tax at a flat rate of 20%. There are also significant uncertainties as to how the PRC tax authorities interpret the relevant PRC tax laws, regulations and rules, such as the taxation of capital gains by non-PRC resident enterprises, individual income tax on dividends paid to non-PRC resident individual holders of our H Shares and on gains realized on sale or other disposition of our H Shares. PRC's tax laws, rules and regulations may also change. Any ambiguities relating to, or any changes to, applicable PRC tax laws, regulations and rules as well as their interpretations and enforcement could materially and adversely affect the value of your investment in our H Shares.

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### **Governmental control of currency conversion may limit our ability to use capital effectively**

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Please refer to the section entitled “Regulatory Overview — Foreign Exchange Regulations of the PRC” in this prospectus. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries, which are substantially in Renminbi. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to remit sufficient foreign currency to pay dividends or other payments to our shareholders, or otherwise satisfy our foreign currency denominated obligations, if any.

The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of indebtedness denominated in foreign currencies. The restrictions on foreign exchange transactions under capital accounts could also affect our ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us.

### **Payment of dividends is subject to restrictions under applicable PRC laws**

Under applicable PRC laws, dividends can only be paid out of distributable profit of a PRC company. Distributable profit is our profit as determined under PRC GAAP or HKFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other statutory funds we are required to make. As a result, we may not have sufficient distributable profit, if any, that allows us to make dividend distributions to our Shareholders, especially during the years when our financial statements indicate that our operations have been unprofitable. Any distributable profit not distributed in a given year is retained and available for distribution in the subsequent years.

### **Fluctuations in the value of the Renminbi may have a material adverse effect on our business**

We conduct substantially all our business in Renminbi. However, following the Global Offering, we may also maintain a significant portion of the proceeds from the offering in Hong Kong dollars before they are used in our PRC operations. The value of the Renminbi against the US dollar, Hong Kong dollar and other currencies may be affected by changes in the PRC’s policies and international economic and political developments. As a result of the historical and any future changes in currency policy, the exchange rate may be volatile, the Renminbi may be revalued further against the US dollar or other currencies or the Renminbi may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the US dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars (which are pegged to the US dollar), of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the Renminbi against the US dollar or the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert US dollars or Hong Kong dollars into Renminbi for such purposes.

## RISK FACTORS

### **Uncertainties with respect to the PRC legal system could adversely affect us and may limit the legal protection available to you**

Our assets and operations are governed principally by the PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China, or may be unclear or inconsistent. In particular, since the property management service industry is in its early development stage in the PRC, the laws and regulations relating to this industry are unspecific and may not be comprehensive. Because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of PRC laws and regulations involve uncertainties and can be inconsistent. Even where adequate laws exist in China, the enforcement of existing laws or contracts based on existing laws may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgment by a PRC court. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after such violation. Finally, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management's attention. The materialization of all or any of these uncertainties could have a material adverse effect on our financial position and results of operations.

### **It may be difficult to effect service of process on our Directors or executive officers who reside in the PRC or to enforce any judgments obtained from non-PRC courts against us or them in the PRC**

All of our senior management members reside in the PRC, and substantially all of the assets of those people and of our Group are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce any judgments obtained from non-PRC courts against us or them in the PRC. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or even impossible. On July 14, 2006, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgment in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Under this arrangement, in case that any designated People's Court in China or Hong Kong court has made an enforceable final judgment requiring monetary payment in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court of China or Hong Kong court for recognition and enforcement of the judgment. This arrangement became effective on August 1, 2008 but the outcome and effectiveness of any action brought under this arrangement remain uncertain.

### **Natural disasters, acts of war, occurrence of epidemics, and other disasters could affect our business and the national and regional economies in the PRC**

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu or severe acute respiratory syndrome ("SARS"), and other natural disasters which



## RISK FACTORS

are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC, which in turn may adversely impact domestic consumption and our sales. Some regions in the PRC, including certain cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought or epidemics. Our business, financial position and results of operations may be materially and adversely affected if natural disasters or other such events occur.

For instance, a serious earthquake and its successive aftershocks hit Sichuan Province in May 2008, resulting in tremendous loss of life and injury, as well as destruction of assets in the region. Furthermore, the PRC reported a number of cases of SARS in 2003. Since its outbreak in 2004, there have been reports on occurrences of avian flu in various parts of the PRC, including several confirmed human cases and deaths. Any future outbreak of SARS, avian flu or other similar adverse epidemics may, among others, significantly disrupt our business. An outbreak of infectious disease may also severely restrict the level of economic activity in affected areas, which in turn may have a material and adverse effect on our business, financial position and results of operations.

Moreover, China has experienced natural disasters, including earthquakes, floods, landslides and droughts in the past, resulting in deaths of people, significant economic losses and significant damage to factories, power lines and other properties, as well as blackouts, transportation and communication disruptions and other losses in the affected areas. Any future natural disasters, public health and public security hazards may materially and adversely affect or disrupt our operations. Furthermore, such natural disasters, public health and public security hazards may severely restrict the level of economic activity in affected areas, which may in turn materially and adversely affect our business, results of operations and prospects.

### RISKS RELATING TO THE GLOBAL OFFERING

#### **Purchasers of our H Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future**

The Offer Price of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the Global Offering. Therefore, purchasers of our H Shares in the Global Offering will experience an immediate dilution in unaudited *pro forma* adjusted consolidated net tangible assets of HK\$9.84 per H Share, based on the Maximum Offer Price of HK\$39.00 per Offer Share.

In order to expand our business, we may consider offering and issuing additional Shares or equity-linked securities in the future. Purchasers of our H Shares may experience dilution in the net tangible assets value per Share of their investments in the H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share prior to the issuance of such additional Shares.

#### **There has been no prior public market for our H Shares**

Our shares were listed on the NEEQ in December 2015 and delisted from the NEEQ in July 2018. Other than that, prior to the Global Offering, there was no public market for our H Shares. The initial issue price range for our H Shares was the result of negotiations among us and the Joint Representatives on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We have applied for listing of, and permission to deal in, our H Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our H Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our H Shares will not decline following the Global Offering.

## RISK FACTORS

### **The liquidity and market price of our H Shares may be volatile, which may result in substantial losses for investors subscribing for or purchasing our H Shares pursuant to the Global Offering**

The price and trading volume of our H Shares may be volatile as a result of the following factors, as well as others, which are discussed in this “Risk Factors” section or elsewhere in this prospectus, some of which are beyond our control:

- actual or anticipated fluctuations in our results of operations (including variations arising from foreign exchange rate fluctuations);
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- changes in general economic conditions or other developments affecting us or our industry;
- price movements on international stock markets, the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of any lock-up or other transfer restrictions on the outstanding Shares or sales of perceived sales of additional Shares by our Company or other Shareholders.

In addition, you should note that the securities markets have from time to time experienced significant price and volume fluctuations that are not related or disproportionate to the operating performance of particular companies. These developments include a general global economic downturn, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. Such wide market fluctuations could present risks for an extended period of time, in interest expenses on our bank borrowings, or reduction of the amount of banking facilities currently available to us. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of Shares regardless of our operating performance or prospects.

### **Future issues, offers or sales of our Shares may adversely affect the prevailing market price of our H Shares**

Future issues of the Shares by our Company or the disposal of the Shares by any of our Shareholders or the perception that such issues or sale may occur, may negatively affect the prevailing market price of the H Shares. Moreover, future sales or perceived sales of a substantial amount of our H Shares or other securities relating to our H Shares in the public market may negatively impact the market price of our H Shares, or adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate. Our Shareholders may experience dilution in their holdings in the event we issue additional securities in future offerings. The Shares held by the Controlling Shareholders are subject to certain lock-up undertakings. For details, please refer to the section headed “Underwriting — Undertakings to the Stock Exchange pursuant to the Listing Rules — Undertakings by the Controlling Shareholders.” We cannot assure you that any of our Shareholders will not dispose of any Shares they now own or may own in the future, following the expiration of any relevant lock-up periods.



## RISK FACTORS

Upon the completion of the Global Offering, assuming the Over-allotment Option is not exercised, there will be 128,748,460 Domestic Shares, representing 75% of the total issued share capital of the Company. In addition, our unlisted Shares may be converted into H Shares, and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval processes shall have been duly completed and the approval from the relevant regulatory authorities, including CSRC, shall have been obtained in accordance with the regulations of the State Council's securities regulatory authorities as well as regulations, requirements and procedures of relevant overseas stock exchanges. No class shareholder vote is required for the conversion of such Shares and the listing and trading of the converted Shares on an overseas stock exchange. Future sales, or perceived sales, of the converted Shares may adversely affect the trading price of H Shares.

**The market price of our H Shares when trading begins could be lower than the Offer Price as a result of, among others, adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins**

The Offer Price will be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be on the sixth Business Day after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Offer Shares during that period. Accordingly, holders of the Offer Shares are subject to the risk that the price of the Offer Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

**Our Controlling Shareholders have substantial control over the Company and its interests may not be aligned with the interests of the other Shareholders**

Prior to and immediately following the completion of the Global Offering, our Controlling Shareholders will remain substantial control over their interests in the issued share capital of our Company. Subject to the Articles of Association and the Companies Ordinance and the Listing Rules, our Controlling Shareholders by virtue of their controlling beneficial ownership of the share capital of the Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of our Controlling Shareholders may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of our Controlling Shareholders conflict with the interests of other Shareholders, or if our Controlling Shareholders choose to push our business to pursue strategic objectives that conflict with the interests of our other Shareholders, the interests of other Shareholders can be disadvantaged and harmed by the actions of our Controlling Shareholders.

**Certain facts and other statistics with respect to China, the PRC economy, the PRC property management industry in this prospectus are derived from various official government sources and third-party sources which may not be reliable**

Certain facts and other statistics in this prospectus that do not relate directly to our operations, including those related to China, the PRC economy and the PRC property management industry have been derived from various official government publications, from China Index Academy and publicly available sources. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified by us, the Joint Sponsors, or any of their respective directors, officers, affiliates, advisors or representatives, or any other parties involved in the Listing, and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or

## RISK FACTORS

ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. As a result, prospective investors should consider carefully how much weight or importance they should attach to or place on such facts or statistics.

**Investors should read the entire prospectus carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this prospectus**

There may be coverage in the media regarding the Global Offering, our operations and our industry. There had been, prior to the publication of this prospectus, and may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which contained, among other matters, certain financial information, projections, valuations and other forward-looking information about us and Global Offering. We do not accept any responsibility for the accuracy or completeness of the information or that such information was not sourced from or authorize by our Group. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any of the information in the media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should read the entire prospectus carefully and should not rely on any of the information in press articles or other media coverage. Prospective investors should rely on the information contained in this prospectus and the Application Forms only to make investment decisions about us.

### **Forward-looking statements are subject to risks and uncertainties**

This prospectus contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this prospectus, the words “anticipate,” “believe,” “estimate,” “expect,” “plans,” “prospects,” “going forward,” “intend” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this prospectus. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange.

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### **We may not declare dividends on our H Shares in the future**

In 2018 and the six months ended June 30, 2019, we paid a dividend in an aggregate amount of RMB319.3 million and RMB215.0 million, respectively. The payment and amount of dividends (if any) will depend upon our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. We cannot assure you that dividends of any amount will be declared or distributed in any year. Please refer to the section entitled “Financial Information — Dividend Policy and Distributable Reserves” in this prospectus.

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

### **DIRECTORS' RESPONSIBILITY STATEMENT**

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

### **CSRC APPROVAL**

The CSRC has given us its approval for the listing of our H Shares on the Stock Exchange and the Global Offering on February 28, 2019. In granting this approval, the CSRC does not accept responsibility for the financial soundness of our Company, or for the accuracy of any of the statements made or opinions expressed in this prospectus and the Application Forms.

As advised by our PRC Legal Advisor, JunHe LLP, our Company has obtained all necessary approvals and authorizations in the PRC in relation to the Global Offering and the Listing.

### **INFORMATION ON THE GLOBAL OFFERING**

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set forth herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Joint Representatives, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, agents, employees or advisors or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering", and the procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for the Hong Kong Offer Shares" and in the relevant Application Forms.

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

### **UNDERWRITING**

The Listing is sponsored by the Joint Sponsors. The Hong Kong Public Offering is conditionally underwritten by the Hong Kong Underwriter under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Representatives (on behalf of the Underwriters) agreeing on the Offer Price. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around October 11, 2019, subject to the Offer Price being agreed.

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

If, for any reason, the Offer Price is not agreed among our Company and the Joint Representatives (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, please refer to the section headed “Underwriting” in this prospectus.

### **RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES**

Each person acquiring the H Shares will be required to, or be deemed by his acquisition of H Shares to, confirm that he is aware of the restrictions on offers of the H Shares described in this prospectus.

No action has been taken to permit a public offering of the H Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the H Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the H Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S.

### **DETERMINATION OF THE OFFER PRICE**

The H Shares are being offered at the Offer Price which will be determined by the Joint Representatives (on behalf of the Underwriters) and our Company on or around Friday, October 11, 2019, and in any event no later than Wednesday, October 16, 2019. If the Joint Representatives (on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on such date, the Global Offering will not proceed.

### **APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE**

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

### **COMMENCEMENT OF DEALINGS IN THE H SHARES**

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on Friday, October 18, 2019. The H Shares will be traded in board lots of 100 H Shares each. The stock code of the H Shares will be 2606.

### **H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from

## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

time to time. Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors should consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the H Shares or exercising any rights attaching to the H Shares. We emphasize that none of us, the Joint Representatives, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposing of, or dealing in, the H Shares or the exercise of any rights attaching to the H Shares.

### **H SHARE REGISTER AND STAMP DUTY**

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on our H Share register of members to be maintained in Hong Kong. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered in the H Share register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

### **DIVIDENDS PAYABLE TO HOLDERS OF H SHARES**

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of H Shares will be paid to the Shareholders as recorded in our H Share register, and sent by ordinary post, at the Shareholders' own risk, to the registered address of each Shareholder.

### **REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES**

We have instructed our H Share Registrar, and our H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until such holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- (i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Special Regulations and our Articles of Association;
- (ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive. For further details, please refer to the sections entitled "Appendix III — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix IV — Summary of The Articles of Association" in this prospectus;

## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

- (iii) agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and
- (iv) authorizes us to enter into a contract on his behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

### OVER-ALLOTMENT AND STABILIZATION

Details with respect to the Over-allotment Option and stabilization are set out in the paragraphs headed “Structure of the Global Offer — Stabilization” and “Structure of the Global Offer — The International Offering — Over-allotment Option” in this prospectus.

### LOCK-UP UNDERTAKINGS BY OUR COMPANY AND OUR CONTROLLING SHAREHOLDERS

Details with respect to the lock-up undertakings by our Company and our Controlling Shareholders are set out in the paragraph headed “Underwriting — Underwriting Arrangements and Expenses — Undertakings to the Stock Exchange pursuant to the Listing Rules” in this prospectus.

### EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in HK\$ and RMB have been translated, for the purpose of illustration only, into United States dollars in this prospectus at the following exchange rates:

US\$1.00: HK\$7.8447

US\$1.00: RMB7.0365

RMB1.00: HK\$1.1147

No representation is made that any amounts in HK\$ and RMB were or could have been or could be converted into United States dollars at such rates or any other exchange rates on such date or any other date.

### ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Likewise, the products of sales volumes and average selling prices may differ from revenue by product type due to rounding adjustments.

### LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities included in this prospectus for which no official English translation exists are unofficial translation and for reference only.



<p align="center"><b>DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING</b></p>
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**DIRECTORS**

<u>Name</u>	<u>Residential Address</u>	<u>Nationality</u>
<b>Executive Directors</b>		
Yao Min (姚敏)	No. 13, Unit 3, Building 2 No. 120 Qingjiang East Road Qingyang District, Chengdu Sichuan Province PRC	Chinese
Wu Gang (吳剛)	Unit 5 No. 285 Laifeng Road, Liucheng Wenjiang District, Chengdu Sichuan Province PRC	Chinese
Chen Jingchao (陳景超)	No. 201, Unit 1, Building 16 No. 88 Hesheng West Street Gaoxin District, Chengdu Sichuan Province PRC	Chinese
<b>Non-executive Directors</b>		
Zhang Qiaolong (張巧龍)	No. 96 Ruilian Road Qingyang District, Chengdu Sichuan Province PRC	Chinese
Meng Hongwei (孟宏偉)	No. 1 Kefa Road Science and Technology Park Nanshan District, Shenzhen Guangdong Province PRC	Chinese
Wang Wanfeng (王萬峰)	Room 18, 5/F, Unit 2, Building 10 10 Changshou Road Wuhou District, Chengdu Sichuan Province PRC	Chinese

## DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Residential Address	Nationality
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### Independent non-executive Directors

Li Shujian (李書劍)	Room 3, Unit 1, Building 2 No. 1 Courtyard, Zhuanpaifang Street Guancheng Hui District, Zhengzhou Henan Province PRC	Chinese
Chan Shing Yee, Joseph (陳承義)	Flat A, 16/F, Block 2 Illumination Terrace 7 Tai Hang Road Hong Kong	Chinese Hong Kong
Zhang Shouwen (張守文)	Room 212, Building 307 Yanbeiyuan Peking University Haidian District, Beijing PRC	Chinese

### SUPERVISORS

Name	Residential Address	Nationality
Wang Xiaoying (王小英)	No. 7, 4/F, Unit 4, Building 1 No. 17 Jinsha Road West Lane Jinniu District, Chengdu Sichuan Province PRC	Chinese
Liu Jiang (劉江)	No. 24, 6/F, Unit 2, Building 6 No. 395 Jinghuan Road Xingfu Town, Dujiangyan Sichuan Province PRC	Chinese
Zhao Yang (趙揚)	Affiliated 9, No. 136 Ningxia Road Qingyang District, Chengdu Sichuan Province PRC	Chinese
Xu Qingshan (徐青山)	No. 17 Chedao Street Dongtakou Village, Nancun Town Changan District, Shijiazhuang Hebei Province PRC	Chinese
Liu Deming (劉德明)	Room 101, Unit 3, Building 3 4 Keyuan Road Lixia District, Jinan Shandong Province PRC	Chinese

For further information regarding our Directors and Supervisors, please refer to the section entitled “Directors, Supervisors and Senior Management” of this prospectus.

<p align="center"><b>DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING</b></p>
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**OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING**

**Joint Sponsors**

**Huatai Financial Holdings  
(Hong Kong) Limited**

Unit 5808-12, 58/F, The Center  
99 Queen's Road Central  
Hong Kong

**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

**Joint Representatives**

**Huatai Financial Holdings  
(Hong Kong) Limited**

Unit 5808-12, 58/F, The Center  
99 Queen's Road Central  
Hong Kong

**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

**Joint Global Coordinators**

**Huatai Financial Holdings  
(Hong Kong) Limited**

Unit 5808-12, 58/F, The Center  
99 Queen's Road Central  
Hong Kong

**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

**Guotai Junan Securities  
(Hong Kong) Limited**

27/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

**Joint Bookrunners**

**Huatai Financial Holdings (Hong Kong)  
Limited**

Unit 5808-12, 58/F, The Center  
99 Queen's Road Central  
Hong Kong

**ABCI Capital Limited**

11/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

<p align="center"><b>DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING</b></p>
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**Guotai Junan Securities (Hong Kong) Limited**  
27/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

**Essence International Securities (Hong Kong) Limited**  
39/F, One Exchange Square  
Central  
Hong Kong

**China Industrial Securities International Capital Limited**  
7/F, Three Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**China Galaxy International Securities (Hong Kong) Co., Limited**  
20/F Wing On Centre  
111 Connaught Road Central  
Hong Kong

**Shenwan Hongyuan Securities (H.K.) Limited**  
Level 19  
28 Hennessy Road  
Hong Kong

**First Shanghai Securities Limited**  
19/F., Wing On House  
71 Des Voeux Road Central  
Hong Kong

**Joint Lead Managers**

**Huatai Financial Holdings (Hong Kong) Limited**  
Unit 5808-12, 58/F, The Center  
99 Queen's Road Central  
Hong Kong

**ABCI Securities Company Limited**  
11/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

**Guotai Junan Securities (Hong Kong) Limited**  
27/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

<p><b>DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING</b></p>
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**Essence International Securities (Hong Kong) Limited**

39/F, One Exchange Square  
Central  
Hong Kong

**China Industrial Securities International Capital Limited**

7/F, Three Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**China Galaxy International Securities (Hong Kong) Co., Limited**

20/F Wing On Centre  
111 Connaught Road Central  
Hong Kong

**Shenwan Hongyuan Securities (H.K.) Limited**

Level 19  
28 Hennessy Road  
Hong Kong

**First Shanghai Securities Limited**

19/F., Wing On House  
71 Des Voeux Road Central  
Hong Kong

**Legal advisors to our Company**

*as to Hong Kong and U.S. laws:*

**Sidley Austin**

Level 39  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

*as to PRC laws:*

**JunHe LLP**

20F, China Resources Building  
8 Jianguomenbei Avenue  
Beijing PRC

<p align="center"><b>DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING</b></p>
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**Legal advisors to the Joint Sponsors  
and the Underwriters**

*as to Hong Kong and U.S. laws:*

**King & Wood Mallesons**

13/F., Gloucester Tower

The Landmark

15 Queen's Road Central

Hong Kong

*as to PRC laws:*

**King & Wood Mallesons**

18th Floor, East Tower

World Financial Center

1 Dongsanhuan Zhonglu

Chaoyang District, Beijing

PRC

**Independent Industry Consultant**

**China Index Academy**

Block A

No. 20 Guogongzhuang Middle Street

Fengtai District

Beijing

PRC

**Auditor and reporting accountant**

**PricewaterhouseCoopers**

*Certified Public Accountants*

22/F, Prince's Building

Central

Hong Kong

**Compliance adviser**

**Ballas Capital Limited (博思融資有限公司)**

Room 1802, 18/F

1 Duddell Street

Central, Hong Kong

**Receiving bank**

**Industrial and Commercial Bank of China  
(Asia) Ltd.**

33/F, ICBC Tower, 3 Garden Road,

Central, Hong Kong

## CORPORATE INFORMATION

**Headquarters in the PRC**

CRM Center  
No. 9 Xixin Avenue  
West Hi-tech Zone, Chengdu  
Sichuan Province  
PRC

**Registered Office in the PRC**

No. 22, South Section 3  
Yihuan Road  
Wuhou District, Chengdu  
Sichuan Province  
PRC

**Principal Place of Business in Hong Kong**

19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

**Company's website address**

**[www.justbon.com.cn](http://www.justbon.com.cn)**  
*(information on this website does not form part of this prospectus)*

**Joint Company secretaries**

Mr. Chen Zhenhua (陳振華)  
No. 41, Shuyuan South Street  
Jinjiang District, Chengdu  
Sichuan Province  
PRC

Ms. Tsui Sum Yi (徐心兒)  
*(an associate member of The Hong Kong Institute of Chartered Secretaries and of The Institute of Chartered Secretaries and Administrators in the United Kingdom)*  
19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

**Authorized representatives**

Mr. Yao Min (姚敏)  
No. 13, Unit 3, Building 2  
No. 120 Qingjiang East Road  
Qingyang District, Chengdu  
Sichuan Province  
PRC



## CORPORATE INFORMATION

Mr. Chen Zenhua (陳振華)  
No. 41, Shuyuan South Street  
Jinjiang District, Chengdu  
Sichuan Province  
PRC

*Alternate to the authorized representatives*

Ms. Tsui Sum Yi (徐心兒)  
19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

### **Audit committee**

Mr. Chan Shing Yee, Joseph (陳承義)  
(Chairman)  
Mr. Li Shujian (李書劍)  
Mr. Zhang Shouwen (張守文)  
Mr. Zhang Qiaolong (張巧龍)  
Mr. Wang Wanfeng (王萬峰)

### **Remuneration committee**

Mr. Li Shujian (李書劍) (Chairman)  
Mr. Chan Shing Yee, Joseph (陳承義)  
Mr. Zhang Shouwen (張守文)  
Mr. Yao Min (姚敏)  
Mr. Meng Hongwei (孟宏偉)

### **Nomination committee**

Mr. Yao Min (姚敏) (Chairman)  
Mr. Li Shujian (李書劍)  
Mr. Chan Shing Yee, Joseph (陳承義)  
Mr. Zhang Shouwen (張守文)  
Mr. Chen Jingchao (陳景超)

### **H Share Registrar**

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

### **Principal bank**

China Construction Bank Chengdu  
Jinxianqiao Branch  
No. 1 Jinxianqiao Road  
Chengdu  
Sichuan Province  
PRC

## **WAIVER FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES**

In preparation for the Global Offering, we have sought the following waivers and exemption from strict compliance with the relevant provisions of the Listing Rules:

### **MANAGEMENT PRESENCE IN HONG KONG**

According to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Currently, all of our executive Directors reside in the PRC.

Our core business and operations are substantially based and conducted in the PRC. It would be practically difficult and commercially unnecessary for us to relocate two of our executive Directors to Hong Kong. We have applied to the Stock Exchange for and the Stock Exchange has granted a waiver from compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. The following measures have been adopted by us:

- (1) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that they comply with the Listing Rules at all times. The two authorized representatives appointed are Mr. Yao Min (姚敏) (the executive director of our Company) and Mr. Chen Zhenhua (陳振華) (the joint company secretary of our Company). Although Mr. Yao and Mr. Chen reside in the PRC, they possess valid travel documents and are able to renew such travel documents when they expire in order to visit Hong Kong. In addition, Ms. Tsui Sum Yi, our joint company secretary who is ordinarily resident in Hong Kong, has been appointed as the alternate to the two authorized representatives. Each of the authorized representatives and the alternate authorized representative will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the authorized representatives and the alternate authorized representative is authorized to communicate on our behalf with the Stock Exchange;
- (2) all our authorized representatives and the alternate authorized representative have means to contact all of our Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. To enhance communication among the Stock Exchange, the authorized representatives, the alternate authorized representative and our Directors, (a) each Director has provided his mobile phone number, office phone number, fax number and email address to the authorized representatives and the alternate authorized representative; (b) in the event that a Director expects to travel, he will provide the phone number of the place of his accommodation to the authorized representatives and the alternate authorized representative or maintain an open line of communication via his mobile phone; and (c) all our Directors, the authorized representatives and the alternate authorized representative have provided their respective mobile phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange;

<p style="text-align: center;"><b>WAIVER FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES</b></p>
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- (3) we have appointed Ballas Capital Limited (博思融資有限公司) as our compliance advisor, pursuant to Rule 3A.19 of the Listing Rules, which has access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us; and meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the compliance advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in our authorized representatives and/or the compliance advisor.

#### **JOINT COMPANY SECRETARIES**

According to Rules 3.28 and 8.17 of the Listing Rules, the secretary of our Company must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a certified public accountant as defined in the Professional Accountants Ordinance, or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have appointed Mr. Chen Zhenhua (陳振華) and Ms. Tsui Sum Yi (徐心兒) as our joint company secretaries. Since Mr. Chen does not possess a qualification stipulated in Rules 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Chen as our joint company secretary. In order to provide support to Mr. Chen, we have appointed Ms. Tsui Sum Yi (徐心兒), an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom which meets the requirements under Rule 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Mr. Chen, for a three-year period from the Listing Date so as to enable him to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

Such waiver will be revoked immediately if and when Ms. Tsui Sum Yi (徐心兒) ceases to provide such assistance. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Chen, having had the benefit of Ms. Tsui Sum Yi (徐心兒)'s assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

#### **CONTINUING CONNECTED TRANSACTIONS**

We have entered into certain transactions which will constitute continuing connected transactions for the Company under the Listing Rules after the Listing. We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with (i) the announcement requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "Connected Transactions — (A) Continuing Connected Transaction subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement"; and (ii) the announcement and independent Shareholders' approval requirements under Chapter

<p style="text-align: center;"><b>WAIVER FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES</b></p>
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14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “Connected Transactions — (B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders’ Approval Requirements.” Please refer to the section entitled “Connected Transactions” in this prospectus for further information.

## INDUSTRY OVERVIEW

***Unless otherwise indicated, the information contained in this section is derived from various governmental and official publications, other publications and the market research reports prepared by CIA, which was commissioned by us.***

***We believe that the sources of information are appropriate and we have taken reasonable and cautious care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact omitted will render such information false or misleading in any material respect. We, the Joint Sponsors, the Joint Global Coordinators, the Joint Representatives, the Joint Bookrunners or any of our or their respective directors, senior management, representatives and any other persons (other than CIA) involved in the Global Offering have not independently verified such information and made no representation as to the accuracy and completeness thereof. The relevant information and statistics may not be consistent with such other information and statistics compiled within or outside the PRC. As a result, you are advised not to place undue reliance on such information.***

### CIA AND ITS METHODOLOGIES

We purchased the right to use and quote various data from publications by CIA at a total cost of approximately RMB800,000. Established in 1994, CIA is a property research organization in the PRC with over 500 analysts. It covers more than 600 cities across the five regions of North China, East China, South China, Central China and Southwest China with 16 branches. CIA has extensive experience in researching and tracking the property management industry in the PRC, and has conducted research on the Top 100 Property Management Companies since 2008. In its research, CIA considers primarily property management companies that have managed at least ten properties or an aggregate GFA of 500,000 sq.m. or above for the previous three years. CIA uses research parameters and assumptions and gathers data from a multitude of primary and secondary sources, including data from property management companies (including data from reported statistics, websites and marketing materials), surveys conducted, data from the China Real Estate Index System, public data from governmental authorities and data gathered for prior published reports. CIA derives its rankings of overall strength of property management companies primarily by evaluating each property management company's management scale, operational performance, service quality, growth potential and social responsibility. CIA assesses the growth potential of a property management company primarily in terms of revenue growth rate, growth rate of total GFA under management, growth rate of total contracted GFA, total number of employees and composition of employees. In this section, the data analysis is primarily based on that of the Top 100 Property Management Companies.

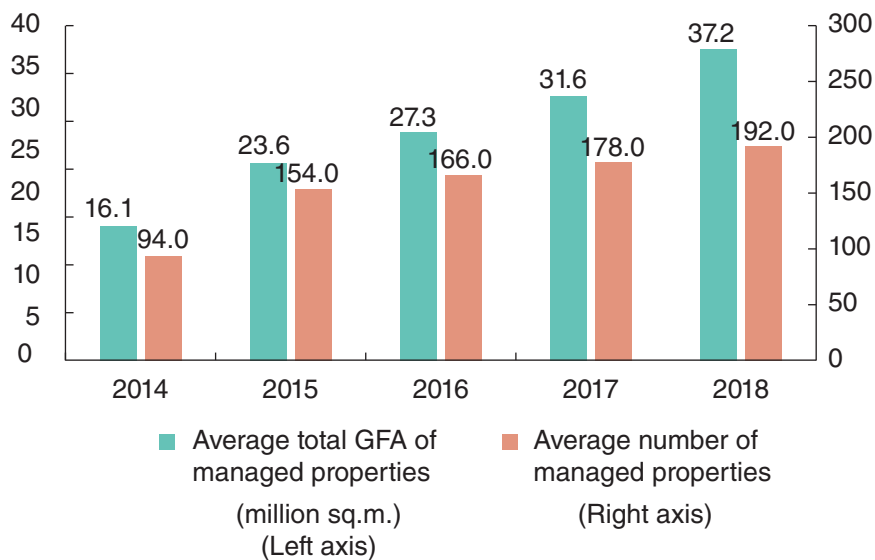
### THE PROPERTY MANAGEMENT INDUSTRY IN THE PRC

#### Overview

The history of the PRC property management industry can be traced back to the early 1980s. Since then, the PRC property management industry has experienced rapid growth. In June 2003, the Provisions on Property Management (《物業管理條例》) were promulgated, providing a regulatory framework for the property management industry. As more regulations were promulgated, an open and fair market system for the industry was established, further encouraging the significant growth of the PRC property management industry. The PRC property management industry now serves a wide range of properties, including residential properties, commercial properties, offices, public properties, industrial parks, schools, hospitals, among others.

## INDUSTRY OVERVIEW

In recent years, following the rapid urbanization and continuous growth in per capita disposable income, the GFA and number of properties managed by the Top 100 Property Management Companies have increased rapidly. The average total GFA of properties managed by the Top 100 Property Management Companies increased to approximately 37.2 million sq.m. as of December 31, 2018 from approximately 16.1 million sq.m. as of December 31, 2014, representing a CAGR of 23.3%, according to CIA. The average number of properties managed by the Top 100 Property Management Companies increased to 192 as of December 31, 2018 from 94 as of December 31, 2014, representing a CAGR of 19.5%, according to CIA. As a result of the growth in the GFA and number of properties under management, the average revenue of the Top 100 Property Management Companies increased to approximately RMB886.2 million in 2018 from approximately RMB425.0 million in 2014, representing a CAGR of 20.2%. The chart below sets forth the average total GFA and the average number of properties managed by the Top 100 Property Management Companies for the years indicated.



Source: CIA.

According to CIA, the geographical coverage of the Top 100 Property Management Companies has also been expanding in the recent years. As of December 31, 2018, the average number of cities in which the Top 100 Property Management Companies had operations increased to 29, representing a CAGR of 4.8% since 2014.

Among the properties under management, residential properties accounts for the largest share in terms of GFA under management. The chart below sets forth the total GFA of each type of properties managed by the Top 100 Property Management Companies as of December 31, 2018.

## INDUSTRY OVERVIEW



Source: CIA.

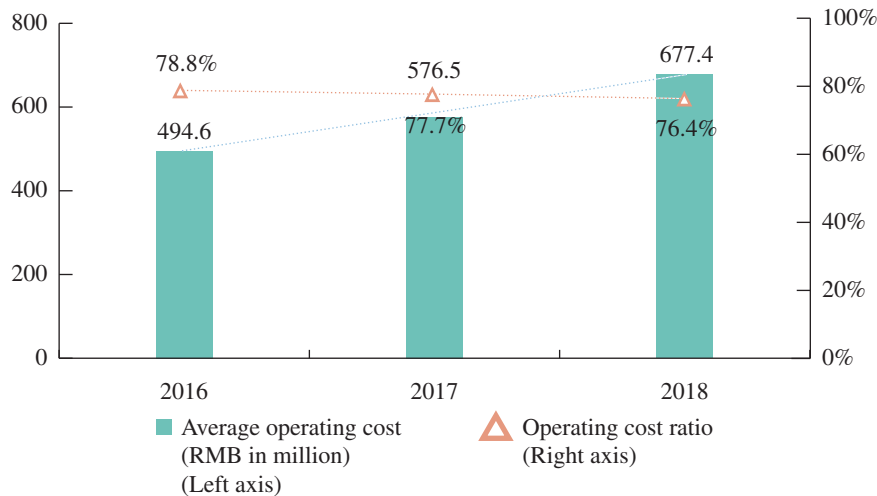
While residential properties still accounts for the largest percentage of the total GFA of properties under management, property management companies have sought to diversify the types of properties under their management. The total GFA of non-residential properties managed by the Top 100 Property Management Companies increased by 11.7% to approximately 2,131.7 million sq.m. as of December 31, 2018 from approximately 1,908.0 million sq.m. as of December 31, 2017.

Driven by customer demand and intense competition, property management companies have invested to improve their service quality and increased attention on their customers' requirements. In terms of traditional property management services, property management companies have introduced the concepts of "steward service," "one-stop service" and "all-round service" to meet various needs in their customers' daily life. In terms of value-added services, property management companies are in the process of promoting the concept of "Internet +" to establish an online and offline community service platform and integrate resources of the surrounding business circle to diversify offerings of products and services and increase customer loyalty. Improved service quality and diversified services help increase the customer retention rates of the Top 100 Property Management Companies.

According to CIA, the Top 100 Property Management Companies grow their profitability by offering traditional property management services and other diversified services. According to CIA, the average net profit of Top 100 Property Management Companies grew by 26.0% to RMB72.2 million in 2018 from 2017. The average net profit of property management services of Top 100 Property Management Companies grew by 20.3% to RMB40.2 million in 2018 from 2017, while the average net profit of value-added services grew by 33.9% to RMB32.0 million in 2018 from 2017. Through diversifying their services and adopting technology, standardization and automation, the Top 100 Property Management Companies have been able to reduce their operating costs and achieve cost efficiency. According to CIA, the operating cost ratio of the Top 100 Property Management Companies was 77.7% and 76.4% in 2017 and 2018, respectively. The chart below sets forth the average operating cost and the operating cost ratio of the Top 100 Property Management Companies for the years indicated.



## INDUSTRY OVERVIEW



Source: CIA.

### Major Revenue Models in the PRC Property Management Industry

In the PRC, property management companies generate revenue from the property management services. In addition, property management companies also generate revenue from other value-added services, including, among others, consultancy services, engineering services and community value-added services such as common area operation, housekeeping and cleaning, property agency, finance, elderly care and nursing services.

In the PRC, property management fees may be charged either on a lump sum basis or commission basis. The lump sum model for property management fees is the dominant revenue model in the property management industry in China, especially for residential properties. The lump sum model can bring efficiency by dispensing certain collective decision-making procedures for large expenditures by property owners and residents and incentivizing property management service providers to optimize their operations to enhance profitability. In contrast, the commission model is increasingly adopted in non-residential properties, allowing property owners more involved in their property management and service providers more closely supervised.

### Industry Growth Drivers

The growth of China's property management industry depends on various key drivers.

#### **Favorable Policies**

In June 2003, the PRC Government promulgated the Regulations on Property Management (《物業管理條例》), establishing a regulatory framework for the property management industry. Since then, a number of laws and rules have come into effect regulating various aspects of the property management industry and numerous policies enacted to promote its development. These include, but are not limited to, the Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》) promulgated in December 2014 and the Guidance on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (《關於加快發展生活性服務業促進消費結構升級的指導意見》) promulgated in November 2015. The State Council also promulgated the Recommendations on Strengthening and Improving the Governance of Urban and Rural Communities (《關於加強和完善城鄉社區治理的意見》) in June 2017, encouraging property management companies to expand their business operations and bring their expertise into

## INDUSTRY OVERVIEW

rural areas. We expect that the PRC property management industry will continue flourishing on a national scale through government encouragement and as the formation of a stable regulatory framework facilitating the development of an open and fair market.

The favorable policies promulgated have also opened significant market potential for non-residential properties. For example, in July 2017, the General Office of the State Council (國務院辦公廳) promulgated the Guidance on Establishing Management Systems for Modern Hospitals (《關於建立現代醫院管理制度的指導意見》), which recommended that hospitals, according to their specific needs and characteristics, establish management systems that facilitate their smooth and successful operations. It encouraged hospitals to explore the use of one-stop service platforms for such purpose. Furthermore, in July 2016, the National Government Offices Administration (國家機關事務管理局) promulgated the 13th Five-Year Plan for Agency Work (《機關事務工作「十三五」規劃》) advocating the improvement of management and operating systems of modern agencies. This plan complemented the message of the 13th Five-Year Plan for the Conservation of Energy Sources by Government Agencies (《公共機構節約能源資源「十三五」規劃》), which encouraged government agencies to utilize the expertise of property management companies in saving energy costs. We believe that such policies will encourage a growing number of owners and managers of non-residential properties to explore the market for professional property management service providers. For more information on laws and regulations related to the property management industry, see “Regulatory Overview” in this prospectus.

### ***Growth in Demand***

China’s significant growth in urbanization and per capita disposable income has been the principal driver for the growth of the property management industry, according to CIA. The urbanization rate (being the projected average rate of change of the size of the urban population over the given period of time) in China increased from 31.9% as of December 31, 1997 to 59.6% as of December 31, 2018. The PRC property management industry is expected to continue to grow in tandem with a rising level of urbanization of the country. Moreover, China’s rapid economic growth has spurred continuous growth in the per capita disposable income for urban population, which increased to RMB39,251 per annum as of December 31, 2018, representing a CAGR of 8.2% since December 31, 2013. Chinese consumers increasingly demand better living conditions and quality property management services, which is another underlying reason for the growth of the PRC property management industry. The economic growth in the PRC has also led to the formation of a middle- to high-income class. As a result, we expect Chinese consumers to become increasingly sophisticated and willingly pay a premium for quality. Moreover, we expect that more Chinese consumers will consider higher discretionary spending on goods and services besides basic necessities. We believe the emerging middle- to high-income class in the PRC and their growing spending power will have a huge influence on the development of mid- to high-end property management services in the PRC.

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### Growth in Supply

Following rapid urbanization and continuous growth in per capita disposable income, the supply of commodity properties also surged. The total GFA of commodity properties sold increased from approximately 1,305.5 million sq.m. as of December 31, 2013 to approximately 1,716.5 million sq.m. as of December 31, 2018, representing a CAGR of 5.6%.

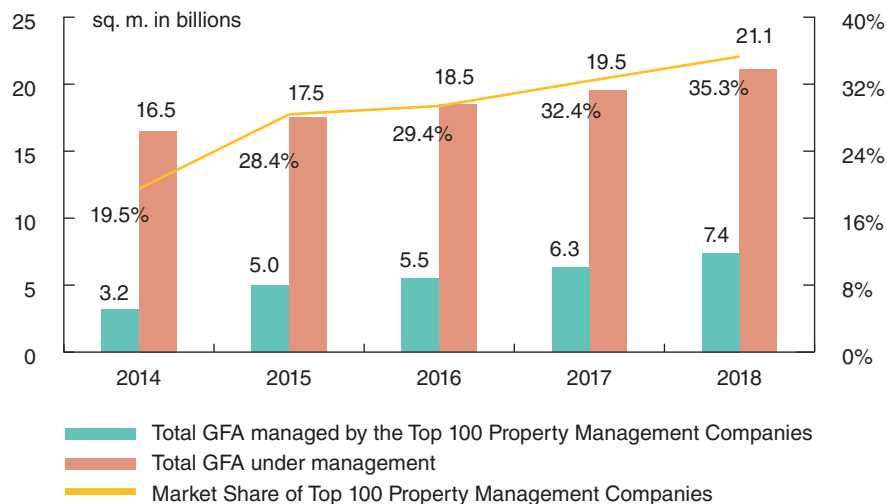
### Further Development of Capital Markets

Further development of the PRC capital markets provides growth opportunities and diversified funding channels for the property management industry. A number of policies regulating the capital markets have come into effect to improve the regulatory environment of capital markets, such as *Several Opinions of CSRC on Further Regulating the Exercise of Issuance Examination Power* (《關於進一步規範發行審核權力運行的若干意見》), *Several Opinions of CSRC on Further Promoting the Development of National Equities Exchange and Quotations* (《關於進一步推進全國中小企業股份轉讓系統發展的若干意見》) and *the Measures for Hierarchical Management of Companies Listed on the NEEQ* (《全國中小企業股份轉讓系統掛牌公司分層管理辦法(試行)》). As of December 31, 2018, there was one property management company listed on the Shanghai Stock Exchange, 11 property management companies listed on the Stock Exchange and 56 property management companies listed on NEEQ. The development of capital markets enables the property management companies to obtain further funding, diversify funding sources and achieve business expansion.

### Trends in the PRC Property Management Industry

#### Increased Market Concentration

After decades of development of the property management industry, some of the Top 100 Property Management Companies have sped up innovating their services and expanding their business scale. In addition, the market continues to become more concentrated. In the scattered and competitive property management industry, large-scale property management companies actively improve their strategic layout and accelerate their expansion in order to increase their market share and achieve better results of operations, primarily through organic growth as well as mergers and acquisitions. The chart below sets forth the total GFA of property management companies in China, the total GFA managed by the Top 100 Property Management Companies and the aggregate market share of the Top 100 Property Management Companies in terms of the total GFA managed in the years indicated.



Source: CIA.

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### ***Increasing Adoption of Information Technology in Business and Diversified Services***

With the aid of information technologies such as cloud application, e-commerce, Internet of Things, big data and artificial intelligence, many property management companies reduced labor costs and enhanced profitability. For example, artificial intelligence technologies such as smart entrance pass, smart building management, smart energy management, patrol robots, delivery robots and consultancy robots largely reduced the labor costs of property management companies. In addition, by adopting service platforms such as WeChat public accounts and mobile applications, property management companies could effectively integrate and allocate resources to provide diversified community value-added services and further expand their services to common space management, community finance, property agency, housekeeping, etc. As a result, the revenue generated from value-added services increasingly becomes an important source of revenue for property management companies.

### ***Increasing Needs for Professional Staff***

On one hand, with the rapid technology developments, the property management companies need to recruit more qualified professional talents with management and technological skills. On the other hand, property management companies also increasingly outsource labor-intensive aspects of their operations such as cleaning, greening and security to sub-contractors while placing greater emphasis on recruiting and training professional and skilled employees to facilitate the implementation of smart management and information technologies and promote innovations to maintain their leading market positions.

### ***Increasing Cooperation and Platform Sharing among Industry Participants***

With the transition to standardization and automation in the property management industry, more large-scale property management companies started to provide consultancy services to other property management companies and property developers to expand their geographic presence, showcase their services and abilities, enhance their brand reputation and promote their online service platforms. Such services include property management consulting, automation consulting, engineering consulting and sharing of online service platforms. Through the consultancy services, regional property management companies can leverage the experience and platform of large-scale property management companies to improve the standard of their own operations and control their operation costs.

### ***Increasing Cooperation with Independent Property Developers***

Traditionally, property management companies are better able to expand their business and market coverage through undertaking contracts for properties developed by large property developers if they are affiliated with such property developers. In recent years, as the market competition in the property management industry intensifies and the fees charged by the property management companies increasingly spurs based on market price, property management companies need to compete for projects developed by independent property developers.

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### HISTORICAL PRICE TRENDS

Property management companies constantly balance ever-rising labor costs with the necessity of providing quality services. A property management business relies on the availability of cheap and abundant manual labor. However, according to CIA, inflation has arisen the overall amount of consumer spending, wages and other related labor costs in recent years. Such change places additional pressure on property management companies seeking to expand their business operations. In achieving so, they would need to expand their workforce.

According to CIA, property management companies may reduce their overall cost of sales by innovating with technological solutions and appropriately increasing the proportion of services performed by sub-contractors. In recent years, the Top 100 Property Management Companies have actively experimented with and employed technological solutions to automate their business operations.

By doing so, the Top 100 Property Management Companies are able to increase operational efficiency and raise service quality. According to CIA, sub-contracting allows property management companies to reduce overall labor costs as well as leveraging the expertise of sub-contractors in their respective fields to enhance service efficiency.

According to CIA, both the labor and sub-contracting costs of Top 100 Property Management Companies increased in both absolute amount and percentage of cost of sales from 2016 to 2018. The average cost of sales of Top 100 Property Management Companies is approximately RMB494.5 million, RMB576.5 million and RMB677.4 million in 2016, 2017 and 2018, respectively. Due to the implementation of effective cost-control measures and operation automation, the labor cost to cost of sales ratio is 53.4%, 55.8% and 57.8% in 2016, 2017 and 2018, respectively. The number of sub-contractors of Top 100 Property Management has increased by 30.2% from approximately 0.4 million in 2016 to approximately 0.5 million in 2018. The sub-contractor to frontline employee ratio increased from 38.3% in 2016 to 44.2% in 2018.

### COMPETITION

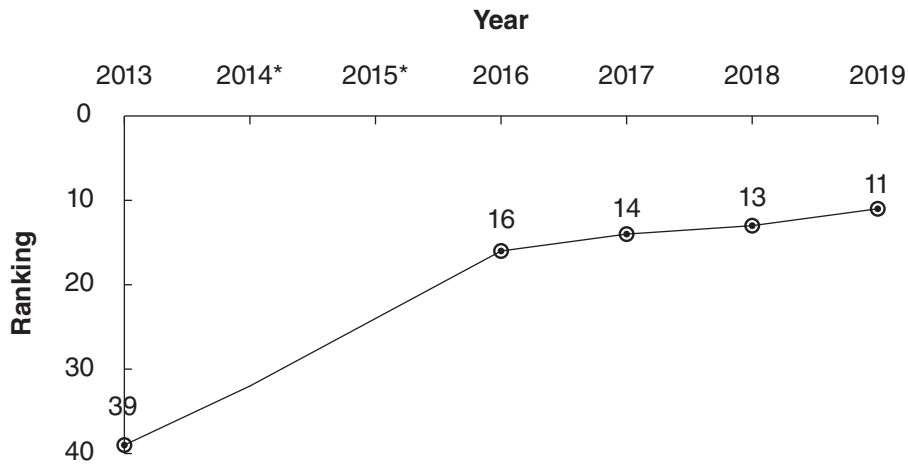
#### Competitive Landscape

The property management market in China is highly fragmented and increasingly concentrated. Our property management services primarily compete with large national, regional and local property management companies. Our consultancy services compete with other property management companies as well as relevant industry participants that provide similar services. Our community value-added services compete with other property management companies and engineering companies that provide similar services. For example, our community value-added services to property owners and residents may compete with vendors and e-commerce businesses that sell food and groceries, and may also compete with property agents in selling and leasing services as well as with advertising companies for advertising services.

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Major property management companies in China experienced steady growth in GFA under management in the past years. Large-scale property management companies gained more advantages in the recent years as they experience fast growth in GFA under management. The average GFA under management of Top 10 Property Management Companies increased by 10.8% from approximately 215.9 million sq.m. as of December 31, 2017 to approximately 239.2 million sq.m. as of December 31, 2018. The year-to-year increasing rate of the average GFA under management represent 6.43 times of the corresponding number of the Top 100 Property Management Companies for the same period. Major property management companies in China have also experienced steady improvement in profitability due to the increase in GFA under management and effective cost control measures. According to CIA, the average net profit of the Top 10 Property Management Companies was approximately RMB442.0 million in 2018 which was 6.12 times of the average net profit of the Top 100 Property Management Companies for the same year.

### Ranking of Our Group among the Top 100 Property Management Companies in terms of overall strength in the PRC, from 2013 to 2019



Source: China Index Academy Report

\*: We did not participate in the 2014 and 2015 Top 100 Property Management Companies Reports.

We are a leading property management service provider in Southwest China. According to CIA, we were ranked fourth among the 2019 Top 100 Property Management Companies in terms of the total GFA under management in Southwest China, as of December 31, 2018 and ranked third among the 2019 Top 100 Property Management Companies of Southwest China in terms of revenue and net profit in 2018.

## INDUSTRY OVERVIEW

**Our ranking among the 2019 Top 100 Property Management Companies in terms of the total GFA under management in Southwest China as of December 31, 2018**

Rank	Property Management Service Provider	Total GFA under Management (million sq.m.)
1	A	More than 100.0
2	B	More than 100.0
3	C	More than 42.0
4	Our Group	41.6
5	D	More than 30.0

Source: CIA

**Our ranking among the 2019 Top 100 Property Management Companies of Southwest China in terms of revenue in 2018**

Rank	Property Management Service Provider	Revenue (RMB in millions)
1	B	More than 3,700.0
2	A	More than 3,100.0
3	Our Group	1,464.5
4	E	More than 1,000.0
5	D	Close to 600.0

Source: CIA

**Our ranking among the 2019 Top 100 Property Management Companies of Southwest China in terms of net profit in 2018**

Rank	Property Management Service Provider	Net Profit (RMB in millions)
1	A	More than 360.0
2	B	More than 320.0
3	Our Group	297.0
4	E	More than 140.0
5	D	Close to 60.0

Source: CIA

### Entry Barriers

According to CIA, there are a few barriers to enter into the property management industry, including:

- **Brand:** top property management companies, including ourselves, have built up their brand reputation through decades of services and operations. In contrast, new participants, without any established brand or cultivated business relationship with industry participants, face increasing difficulty in penetrating the market.



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- **Capital requirement:** intensive capital investment is required as the property management companies adopt automation and intelligent technologies to improve their management efficiency through equipment purchase, smart community management and IT system. Capital availability possesses high barriers to new participants with limited financing ability.
- **Specialization of operations and management:** to better control costs and ensure service quality, property management companies need to standardize and automate their operations to improve their capacity in managing more properties. Large-scale property management companies have more resources to invest in the standardization and automation of their operations than new participants.
- **Talent specialization:** as the Internet and new technologies emerge, qualified employees in the property management industry are increasingly demanded, and new property management companies face the difficulty in recruiting and retaining quality employees.

### DIRECTORS' CONFIRMATION

As of the Latest Practicable Date, after taking reasonable care, our Directors confirm that there was no adverse change in the market information since the respective dates of the various data contained herein, which may qualify, contradict or have an impact on the information in this section.

## REGULATORY OVERVIEW

Our businesses are carried out under extensive regulation and supervision of the Chinese government. This section sets out the main laws, regulations as well as policies we shall abide by.

### LEGAL SUPERVISION OVER PROPERTY MANAGEMENT SERVICES

#### Foreign Invested Property Management Enterprises

According to the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) jointly issued by the National Development and Reform Commission of the PRC (the “**NDRC**”) and the Ministry of Commerce of the PRC (the “**MOFCOM**”) on June 28, 2017, and the Special Administrative Measures (Negative List) for Foreign Investment Access (2019 Edition) (《外商投資准入特別管理措施(負面清單)(2019年版)》) issued on June 30, 2019 (the “**Negative List**”), the property management industry is an industry that allows foreign investors to make investments.

The Foreign Investment Law of the PRC (the “**Foreign Investment Law**”, 《中華人民共和國外商投資法》), adopted by the National People’s Congress of the PRC on March 15, 2019, shall become effective on January 1, 2020. Under the Foreign Investment Law, the State shall implement the management systems of pre-entry national treatment and a negative list for foreign investments, and shall give national treatment to foreign investments beyond the Negative List.

#### Qualification of Property Management Enterprises

In accordance with the Regulations on Property Management (Amended in 2018) (《物業管理條例》(2018年修訂)) (issued by the State Council on June 8, 2003, came into effect on September 1, 2003 and amended on March 19, 2018), the qualification system for companies engaging in property management activities has been repealed. Pursuant to this regulation, enterprises engaged in property management activities shall have independent corporate capacity.

In accordance with the Measures for the Administration on Qualifications of Property Management Enterprises (《物業管理企業資質管理辦法》) (issued by the Ministry of Construction on March 17, 2004, came into effect on May 1, 2004; amended on November 26, 2007 and May 4, 2015, and renamed as 《物業服務企業資質管理辦法》; repealed by the General Office of Ministry of Housing and Urban-Rural Development (the “**MOHURD**”) on March 8, 2018), property management enterprises shall be classified into Level One, Level Two and Level Three by qualifications based on relevant specific conditions.

In accordance with the Decision of the State Council on Canceling the Third Batch of Administrative Licensing Items Designated by the Central Government for Implementation by Local Governments (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》) (issued by the State Council on January 12, 2017 and came into effect on the same day), qualification accreditation for property management enterprises of Level Two and Level Three is canceled.

In accordance with the Decision of the State Council on Canceling a Group of Administrative Licensing Items (《國務院關於取消一批行政許可事項的決定》) (issued by the State Council on September 22, 2017 which came into effect on the same day), qualification accreditation for property management enterprises of Level One is canceled.

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In accordance with the Notice of the General Office of Ministry of Housing and Urban-Rural Development on Effectively Implementing the Work of Canceling the Qualification Accreditation for Property Management Enterprises (《住房城鄉建設部辦公廳關於做好取消物業服務企業資質核定相關工作的通知》) (issued by MOHURD on December 15, 2017 and came into effect on the same day), application, change, renewal or re-application of the qualifications of property management enterprises shall not be accepted, and the qualifications obtained already shall not be a requirement for property management enterprises to undertake new property management projects.

### **Appointment of Property Management Enterprises**

In accordance with the Property Law of the PRC (《中華人民共和國物權法》) (issued by the National People's Congress on March 16, 2007 and came into effect on October 1, 2007), property owners can either manage the buildings and ancillary facilities by themselves, or sub-contract the matter to a property management enterprise or other custodians. As regards the property management enterprise or any other custodians hired by the developer, property owners are entitled to alter it in accordance with law. Property management enterprises or other custodians shall manage the buildings and ancillary facilities within the area of the building as agreed with the property owners, and shall be subject to the supervision by them.

In accordance with the Regulations on Property Management (《物業管理條例》), a general meeting of the property owners of a community can engage or dismiss the property management enterprise with affirmative votes of owners who own more than half of the total GFA of the community and who account for more than half of the total number of the property owners. Property owners' association, on behalf of the general meeting, can sign property management contract with property management enterprises engaged at the general meeting. Where a developer recruits and selects any property management enterprise before it is selected by owners and the general meeting, such developer shall conclude a written preliminary property management contract with the enterprise. The preliminary property management contract may stipulate the contract duration. If the property management contract signed by the property owners' association and the property management enterprise comes into force within the term of preliminary property management, the preliminary property management contract automatically terminates.

In accordance with the Regulations on Property Management and the Interim Measures for Tender and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (issued by the Ministry of Construction on June 26, 2003 and came into effect on September 1, 2003), developer of residential buildings and non-residential buildings in the same property management area shall engage qualified property management enterprises by inviting bid. In case where there are less than three bidders or for small-scale properties, the developer can hire qualified property management enterprises by signing an agreement with the approval of the real estate administrative department of the local government of the place where the property is located. Where the developer fails to hire the property management enterprise through a tender and bidding process or hire the property management enterprise by signing agreement without the approval of relevant government authority, the competent real estate administrative department of the local government at the county level or above shall order it to make correction within a prescribed time limit, issue a warning and impose with the penalty of no more than RMB100,000.

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Bid assessment shall be the responsibility of the bid assessment committee established by the developer in accordance with relevant laws and regulations. The bid assessment committee shall be composed of the representative of the developer and experts in the related property management fields and the number of members shall be an odd number at or above five. The expert members shall represent at least two-thirds of the total members. Expert members in the bid assessment committee shall be determined by random select from the roster of experts established by the competent real estate administrative department. A person having an interest with a bidder may not join the bid assessment committee of the related project.

In addition, Interpretation of the Supreme People's Court on Several Issues the Specific Application of Law in the Trial of Cases of Disputes over Property Management Service (《最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋》) (issued by the Supreme People's Court on May 15, 2009 and came into effect on October 1, 2009) stipulates the interpretation principles applied by the court when hearing disputes on specific matters between property owners and property management enterprises. For example, the preliminary property management contract signed in accordance with the relevant laws and regulations by the developer and the property management enterprise and the property management contract signed by the property owners' association and property management enterprises hired in accordance with the relevant laws and regulations by the general meeting are legally binding on property owners, the people's court shall not support a claim if property owners plead as property owners are not party to the contract. The court shall support a claim if property owners' association or property owners appeal to the court to confirm that the clauses of property management service contracts which exempt the responsibility of property management enterprises or which aggravate the responsibility or harm the rights of property owners' association or property owners are invalid.

### **Charging of Property Management Enterprises**

In accordance with the Measures on the Charges of Property Management Enterprise (《物業服務收費管理辦法》) (jointly issued by the NDRC and the Ministry of Construction on November 13, 2003 and came into effect on January 1, 2004), property management enterprises are allowed to repair, conserve and manage the houses and supporting facilities, equipment and places and maintain the sanitation and order in relevant regions in accordance with related property management contract, and charge fees from owners.

The competent pricing department and construction administrative department of the State Council shall jointly supervise and administer the fee charged by property management in China. The competent pricing department of the local people's governments at or above the county level shall be in charge of supervision of and control over fees charged by property management enterprises within their administrative regions jointly with the competent real estate administrative department at the same level.

The fees charged by property management enterprises shall be based on both the government guidance price and market regulated price on the basis of the nature and features of relevant properties. Specific form of pricing shall be determined by the competent pricing departments of the people's governments in the provinces, autonomous regions and municipalities directly under the Central Government jointly with competent administrative departments at the same level.

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At present, no uniform standard for the government guidance price of fees for property management services has been established at the national level. Pursuant to the Circular of NDRC on the Opinions on Relaxing Price Controls in Certain Services (《國家發展改革委關於放開部分服務價格意見的通知》) (發改價格[2014]2755號) and other regulations, the government guidance price shall be determined by the competent pricing departments jointly with the competent housing and urban-rural development departments of the people's government in the provinces, autonomous regions and municipalities. These departments may authorize the competent departments at municipal level or at district and county level to determine the government guidance price. The benchmark price and price-float range of these prices differ among districts.

For example, in Chengdu, according to the Notice of Sichuan Development and Reform Commission on implementing the Notice of the National Development and Reform Commission on Opinions for Decontrolling the Prices of Some Services (《四川省發展和改革委員會關於貫徹〈國家發展改革委關於放開部分服務價格意見的通知〉的通知》), fees for property management services for government-supported houses, houses under housing reform, old residence communities and preliminary property management service are subject to the government guidance price. The government guidance price shall be determined, based on the actual conditions, by the competent pricing departments jointly with the competent housing and urban-rural development administrative department of municipal or district (county) level. According to relevant local regulations, the residential property management services are judged from seven aspects, namely, (i) comprehensive services, including, among others, personnel, management systems and customer services, (ii) operation and maintenance of common areas and public facilities, (iii) decoration and furnishing management, (iv) maintenance of public order, (v) maintenance of environmental hygiene, (vi) green conservation, and (vii) community culture building. Pursuant to the above regulations, Chengdu divides the preliminary property management service into five levels, with different standards for each level. Requirements for higher levels are stricter and more comprehensive than those for lower levels. For residential properties with lift in the main districts of Chengdu (i.e. Jinjiang, Qingyang, Jinniu, Wuhou, Chenghua and Gaoxin district), the benchmark price for the first, second, third and fourth level is nil, RMB0.95/sq.m. per month, RMB1.35/sq.m. per month and RMB1.90/sq.m. per month, respectively. For residential properties without lift, the benchmark price for the first, second, third and fourth level is RMB0.40/sq.m. per month, RMB0.60/sq.m. per month, RMB0.85/sq.m. per month and RMB1.25/sq.m. per month, respectively. The price-float range for each level is  $\pm 15\%$ . The real estate management authority at the district level shall determine what management services belong to the fifth level services, the price of which shall be filed with the price management authority at the district level.

In Chongqing, according to Measures of Chongqing for the Administration of the Fees for Property Management Services (《重慶市物業服務收費管理辦法》) and the Notice of Chongqing Municipal Bureau of Land and House Administration and Chongqing Price Bureau on the Integral Implementation of Measures of Chongqing for the Administration of the Fees for Property Management Services (《重慶市國土房管局、重慶市物價局關於全面貫徹執行〈重慶市物業服務收費管理辦法〉的通知》), the government guidance price, within the main districts of Chongqing, is divided into four levels, and the standards of each level differ in contents and qualities of services. Specifically, pursuant to the above regulations, the residential property management services are judged from five aspects, namely (i) basic requirements, including service management procedures and personnel, (ii) maintenance of common area and public facilities, (iii) maintenance of public order, (iv) cleaning and (v) green conservation. Requirements for higher levels are stricter and more comprehensive than those for lower levels. For residential properties with lift, the benchmark price for the first, second, third and fourth level is RMB1.00/sq.m. per month, RMB1.30/sq.m. per month, RMB1.60/sq.m. per month and RMB1.90/sq.m. per month, respectively. For residential



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properties without lift, the benchmark price for the first, second, third and fourth level is RMB0.60/sq.m. per month, RMB0.85/sq.m. per month, RMB1.10/sq.m. per month and RMB1.35/sq.m. per month. For residence communities more than 40,000 sq.m., the price-float range for each level is 10%. For residence communities no more than 40,000 sq.m., the price-float range for each level is 15%.

Where fees for property management services are market-based, the specific charging standard will be determined by the institution providing the property management services and the property developer or property owners. Relevant PRC laws and regulations do not explicitly stipulate the upper or lower limit for the market regulated price.

As agreed between the property owners and property management enterprises, the fees for the property management services can be charged either as a lump sum basis or a commission basis. The lump sum basis refers to the charging mode requiring property owners to undertake the fixed property management expenses and property management enterprises to enjoy or assume the surplus or deficit. The commission basis refers that property management enterprises may collect its service fee in the proportion or amount as agreed from the property management income in advance, the rest of which shall be exclusively used on the items as stipulated in the property management contract, and property owners shall enjoy or assume the surplus or deficit.

Property management enterprises shall expressly mark prices in accordance with the regulations of competent pricing department of the people's government, revealing the service information, standards, charging items and standards to the public at prominent positions within the property management region.

In accordance with the Provisions on Clearly Marking the Prices of Property Services (《物業服務收費明碼標價規定》) (jointly issued by the NDRC and the Ministry of Construction on July 19, 2004 and came into effect on October 1, 2004), property management enterprises shall clearly mark the price, state service items and standards and relevant information on services (including property management services under the property management contract and services entrusted by property owners) provided to the owners. If the charging standard changes, property management enterprises shall adjust all relevant information one month before implementing the new standard and indicate the date of implementing the new standard. If property management enterprises fail to charge in accordance with the marked price or mark false price, they will be ordered to surrender all illegal incomes obtained therefrom, pay the penalty and even terminate the business until irregularities are corrected.

In accordance with the Property Management Pricing Cost Supervision and Examination Approaches (Trial) (《物業服務定價成本監審辦法(試行)》) (jointly issued by the NDRC and the Ministry of Construction on September 10, 2007 and came into effect on October 1, 2007), competent pricing department of people's government formulates or regulates property management charging standards and implements pricing cost supervision and examination on relevant property management enterprises. Property management pricing cost is determined in accordance with the social average cost of property management services verified by the competent pricing department of the people's government. With the assistance of competent real estate administrative department, competent pricing department is responsible to organize the implementation of the property management pricing cost supervision and examination work. Property management service pricing cost shall include staff costs, expenses for daily operation and maintenance on public facilities and equipment, green conservation costs, sanitation fee, order maintenance cost, public facilities and equipment as well as public liability insurance costs, office expenses, shared administration fee, fixed assets depreciation and other fees approved by property owners.

## REGULATORY OVERVIEW

In accordance with the Circular of NDRC on the Opinions for Decontrolling the Prices of Some Services (《國家發展改革委關於放開部分服務價格意見的通知》) (the “**Decontrolling Service Price Opinions**”), which was promulgated by the NDRC and became effective on 17 December 2014, price control on property services of non-government-supported houses was cancelled, including fees charged by a property service company from property owners for the maintenance, conservation and management of non-government-supported houses, the supporting facilities and equipment, and the relevant sites thereof, activities of maintaining the environment, sanitation, and relevant order inside the property management regions, and other actions completed in accordance with the agreement of the property service contract, upon commission of the property owners. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, decide to implement government guidance prices for charges of property management for government-supported houses, houses under housing reform, old residence communities and preliminary property management service in light of the actual situation. In decontrolling the charges of property services for government-supported houses and implementing market-regulated prices, the affordability of the supported subjects shall be considered and a subsidy mechanism shall be established.

### LEGAL SUPERVISION OVER THE INTERNET INFORMATION SERVICES

#### Supervision on Internet Information Services

In accordance with the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (issued by the State Council on September 25, 2000, came into effect on the same day and amended on January 8, 2011), Internet information service refers to the provision of information through Internet to web users, and includes two categories: commercial and non-commercial. Commercial Internet information service refers to the provision with charge of payment of information through the Internet to web users or of web page designing, etc. Non-commercial Internet information service refers to the provision free of charge of public, commonly-shared information through the Internet to web users.

Entities engaged in providing commercial Internet information service shall apply for a license for value-added telecommunication services of Internet information services. As for the operation of non-commercial Internet information services, only a filing is required. Internet information service provider shall provide services within the scope of their licenses or filing. Non-commercial Internet information service providers shall not provide services with charge of payment. In case an Internet information service provider changes its services, website address, etc., it shall apply for approval 30 days in advance at the relevant government department.

In accordance with the abovementioned regulations, where an entity provides commercial Internet information service without a license or provides service beyond the scope of the license, provincial telecommunication administrative department shall order it to make correction within a prescribed time limit. Where there are illegal gains, such gains shall be confiscated; and a fine more than three times and less than five times of such gains shall be imposed. Where there is no illegal gain or the gain is less than RMB50,000, a fine of RMB100,000 to RMB1 million shall be imposed. Where the circumstance is serious, the website shall be ordered to shut down. Where an entity provides non-commercial Internet information service without a filing, provincial telecommunication administrative department shall order it to make corrections within a prescribed time limit and to shut down the website if it refused to make corrections.



## REGULATORY OVERVIEW

### Supervision on Mobile Internet Application Information Services

In accordance with the Provisions on Administration of Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (issued by the Cyberspace Administration of China on June 28, 2016 and came into effect on August 1, 2016), entities providing information services through mobile Internet applications shall obtain relevant qualifications in accordance with law. Mobile Internet application provider shall not use mobile Internet application program to carry out activities prohibited by laws and regulations, such as endangering national security, disturbing public orders, and infringing other's legal rights and interests, or use mobile internet applications to produce, copy, publish and spread illegal information prohibited by laws and regulations.

The Cyberspace Administration of China shall be responsible for the supervision and administration of information on mobile Internet applications. The local cyberspace administrations shall be responsible for the supervision and administration of information on mobile Internet application program within the administrative regions.

### LEGAL SUPERVISION OVER OTHER MAIN BUSINESSES OF THE COMPANY

#### Supervision over Real Estate Brokerage Business

In accordance with the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》) (issued by the Standing Committee of the National People's Congress on July 5, 1994, came into effect on January 1, 1995 and amended on August 27, 2009), real estate intermediate service agencies include real estate consultants, real estate evaluation agencies, real estate brokerage agencies, etc. Real estate intermediate agencies shall meet the following conditions: (1) have their own name and organization; (2) have a fixed business site; (3) have the necessary assets and funds; (4) have a sufficient number of professionals; (5) other conditions specified by laws and administrative regulations.

In accordance with the Administrative Measures for Real Estate Brokerage (《房地產經紀管理辦法》) (issued by the MOHURD, NDRC and Ministry of Human Resources and Social Security on January 20, 2011, came into effect on April 1, 2011 and amended on March 1, 2016), a real estate brokerage institution or its branch shall, within 30 days as of the date of fetching a business license, go through the filing formalities with the competent housing and urban-rural development (real estate) authority. The real estate brokerage services shall be subject to a marked price system. A real estate brokerage institution shall abide by the price laws, regulations and rules, and indicate real estate brokerage service items, service details, fee rate, prices of relevant properties and other information at an eye-catching place in its premise.

In accordance with the Decontrolling Service Price Opinions, price control on real estate brokerage services was cancelled.

#### Supervision and Control over Advertising Business

In accordance with the Advertising Law of the PRC (《中華人民共和國廣告法》) (issued by the Standing Committee of the National People's Congress on October 27, 1994, came into effect on February 1, 1995 and amended on October 26, 2018), advertisement shall be expressed in a true, legal, healthy manners, in line with requirements of construction of socialist spiritual civilization and development of Chinese national fine cultural tradition, shall not contain false or misleading content and defraud or mislead consumers. Advertisers, advertising agents and advertisement publishers shall abide by the laws, regulations and the principles of justice, honesty and fair competition in carrying out advertising activities. Local administrative departments for industry and commerce at and above the county level shall take charge of the supervision and administration on advertising within their respective administrative jurisdictions. Other relevant departments of the local people's governments at

## REGULATORY OVERVIEW

and above the county level shall take charge of the advertising management-related work within their respective scope of duties.

### Development of the Resident Service Industry

On 19 November 2015, the general office of the State Council promulgated the Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (《國務院辦公廳關於加快發展生活性服務業促進消費結構升級的指導意見》), which sets out the general requirements, the main tasks and the policy measures to accelerate the development of resident services and upgrade consumption structures. Such main tasks focus on the development of the living services that are closely related to the people's livelihood with vast demand potentials and strong driving forces, among others, to promoting the standardisation developments of the real estate intermediary, house leasing, property management, moving and cleaning, household vehicles maintenance and other resident services.

### Labor and Social Insurance-related Laws and Regulations

In accordance with the Labor Law of the PRC (《中華人民共和國勞動法》) (issued by the Standing Committee of the National People's Congress on July 5, 1994, came into effect on January 1, 1995 and amended on December 29, 2018), employers shall establish and improve their rules and regulations in accordance with the law so as to ensure that workers enjoy labor rights and perform their labor obligations.

In accordance with the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (issued by the Standing Committee of the National People's Congress on June 29, 2007, came into effect on January 1, 2008 and amended on December 28, 2012) and the Regulation on the Implementation of the Labor Contract Law of the PRC (issued by the State Council on September 18, 2008 and came into effect on the same day), labor contracts must be concluded in written form. Upon reaching an agreement after due negotiation, an employer and an employee may conclude a fixed-term labor contract, a non-fixed-term labor contract or a labor contract that concludes upon the completion of certain work assignment. Upon reaching an agreement after due negotiation with employees or under other circumstances in line with legal conditions, an employer may terminate a labor contract and dismiss its employees in accordance with law. Labor contracts concluded before the issuance of Labor Law and existing during its effective term shall continue to be acknowledged.

In accordance with the Social Insurance Law of PRC (《中華人民共和國社會保險法》), (issued by the Standing Committee of the National People's Congress on October 28, 2010 and came into effect on July 1, 2011, and amended on December 29, 2018), China establishes a social insurance system including basic pension insurance, basic medical insurance, work related injury insurance, unemployment insurance and maternity insurance. An employer shall pay the social insurance for its employees in accordance with the rates provided under relevant regulations and shall withhold the social insurance that should be assumed by the employees. The authorities in charge of social insurance may request an employer's compliance and impose sanctions if such employer fails to pay and withhold social insurance in a timely manner. Under the Regulations on the Administration of Housing Fund (《住房公積金管理條例》) (issued by the State Council on April 3, 1999 and amended on March 24, 2002 and March 24, 2019), PRC companies must register with applicable housing fund management centers and establish a special housing fund account in an entrusted bank. Both PRC companies and their employees are required to contribute to the housing funds.

### INTELLECTUAL PROPERTY RIGHTS RELATED LAWS AND REGULATIONS

#### Patent Law

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》) (issued by the Standing Committee of the National People's Congress on March 12, 1984, came into effect on April 1, 1985, amended on December 27, 2008), National Intellectual Property Administration is responsible for managing patent work of the whole nation. The patent management departments of the people's governments of each province, autonomous region and municipality directly under the central government are responsible for the patent management in their respective administrative regions. Chinese patent system adopts the principle of "prior application", i.e. where two or more applicants file applications for patent for the identical invention or creation respectively, the patent right shall be granted to the applicant whose application was filed first. If one wishes to file application for patent for invention or utility models, the following three standards must be met: novelty, creativity and practicability. The validity period of a patent for invention is 20 years, while the validity period of utility models and design is 10 years. Others may use the patent after obtaining the permit or proper authorization of the patent holder, otherwise such behavior will constitute an infringing act of the patent right.

#### Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) (issued by the Standing Committee of the National People's Congress on August 23, 1982, came into effect on March 1, 1983 and amended on August 30, 2013, and further amended on April 23, 2019) and the PRC Trademark Law Implementing Regulations (《中華人民共和國商標法實施條例》) (issued by the State Council on August 3, 2002 and came into effect on September 15, 2002 and further amended on April 29, 2014). Trademark Office of National Intellectual Property Administration under the State Administration for Market Regulation are responsible for trademark registration and authorizing registered trademarks for a validity period of 10 years. Trademark registrants may apply for renewal of registration, and the validity of a renewed registered trademark is the following 10 years. Trademark registrants may, by signing a trademark license contract, authorize others to use their registered trademark. The trademark license contract shall be submitted to the trademark office for filing. For trademarks, trademark law adopts the principle of "prior application" while handling trademark registration. Where a trademark under registration application is identical with or similar to the trademark of another party that has, in respect of the same or similar goods or services, been registered or, after examination, preliminarily approved, the application for trademark registration may be rejected. Anyone who applies for trademark registration shall not impair any existing prior right of anyone else, or forestall others in registering a trademark which others have already begun to use and which has "some influence".

#### Copyright law

The Copyright Law of the PRC (《中華人民共和國著作權法》) (issued by the Standing Committee of the National People's Congress on September 7, 1990, came into effect on June 1, 1991 and amended on February 26, 2010) specifies that works of Chinese citizens, legal persons or other organizations, including literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, all enjoy the copyright. Copyright holder can enjoy multiple rights, including the right of publication, the right of authorship and the right of reproduction.

## REGULATORY OVERVIEW

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) (issued by the National Copyright Administration on February 20, 2002, and came into effect on the same day) regulates the registration of software copyright, the exclusive licensing contract and transfer contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (《計算機軟件保護條例》) (issued by the State Council on December 20, 2001, came into effect on January 1, 2002 and amended on January 30, 2013).

### Domain Name

In accordance with Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) (issued by the Ministry of Industry & Information Technology on August 24, 2017, and came into effect on November 1, 2017), those who carry out such activities as service provision, operation and maintenance as well as supervision and administration of Internet domains within PRC shall be subject to the said measures. The registration of a domain name shall follow the principle of “registration being granted to the first applicant”, and if it is otherwise provided for in relevant detailed rules for the implementation of domain name registration, such rules shall prevail.

## CHINESE TAX LAWS AND REGULATIONS

### Income Tax

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (issued by the National People's Congress on March 16, 2007, came into effect on January 1, 2008 and amended on December 29, 2018) and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended on April 23, 2019), enterprises are classified as either resident enterprises or non-resident enterprises. The income tax rate for resident enterprises, including both domestic and foreign-invested enterprises shall typically be 25% commencing from January 1, 2008. An enterprise established outside China with its “de facto management bodies” located inside China is considered as a “resident enterprise”, which means it can be treated as domestic enterprise for enterprise income tax purposes. A nonresident enterprise that does not have an establishment or place of business in China, or has an establishment or place of business in China but the income has no actual relationship with such establishment or place of business, shall pay enterprise income tax on its income deriving from inside China at the reduced rate of enterprise income tax of 10%.

In accordance with the Arrangements Between the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (issued by State Administration of Taxation on August 21, 2006 and came into effect on December 8, 2006), if the beneficiary of the dividends is a Hong Kong resident enterprise, which directly holds no less than 25% equity interests in the aforesaid enterprise, the tax levied shall be 5% of the distributed dividends. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if such Hong Kong resident holds less than 25% of the equity interests in the PRC company.

## REGULATORY OVERVIEW

In accordance with the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (promulgated by State Administration of Taxation (the “SAT”) and became effective on February 20, 2009), all of the following requirements shall be satisfied in order for a Chinese resident company to enjoy the preferential tax rates provided under the tax agreements: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (ii) owner's equity interests and voting shares of the Chinese resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the Chinese resident company directly owned by such a fiscal resident, at any time during the 12 months prior to the obtainment of the dividends, reach a percentage specified in the tax agreement.

Pursuant to the Administrative Measures for Tax Agreements Treatment for Non-resident Taxpayers (《非居民納稅人享受稅收協定待遇管理辦法》) (issued by the SAT, became effective on 1 November 2015 and amended on June 15, 2018), a non-resident taxpayer meeting conditions for enjoying the tax agreement treatment may be entitled to the tax agreement treatment itself/himself when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities.

### Value-added Tax

In accordance with the Temporary Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (issued on December 13, 1993 by the State Council, came into effect on January 1, 1994 and amended on November 19, 2017) and the Detailed Implementing Rules for the Implementation of the Temporary Regulations on Value Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) (issued on December 25, 1993 by the Ministry of Finance of PRC, came into effect on the same day and amended on October 28, 2011), all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value-added tax.

### City Maintenance and Construction Tax and Educational Surcharges

In accordance with the Notice on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) (issued by the State Council on October 18, 2010 and came into effect on December 1, 2010), since December 1, 2010, the Temporary Regulation on Urban Maintenance and Construction Tax of the PRC issued in 1985 and the Temporary Provisions on the Collection of Educational Surcharges issued in 1986 and other rules and regulations issued by the State Council and other competent departments in charge of relevant financial and tax authorities shall apply to foreign-invested enterprises, foreign enterprises and foreign individuals.

In accordance with the Temporary Regulation on Urban Maintenance and Construction Tax of the PRC (《中華人民共和國城市維護建設稅暫行條例》) (issued by the State Council on February 8, 1985, retroactive to January 1, 1985 and amended on January 8, 2011), entities and individuals who pay consumption tax, value-added tax and business tax shall pay city maintenance and construction tax. The payment of city maintenance and construction tax is based on the actual amount of consumption tax, value-added tax and business tax paid by the entities and individuals and shall be paid at the same time along with the above taxes. If the location of the taxpayer is in city downtown area, the tax rate shall be 7%; if the location of the taxpayer is in a county or town, the tax rate shall be 5%; the tax rate shall be 1% for taxpayer located out of city downtown area, county or town.



## REGULATORY OVERVIEW

In accordance with the Temporary Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) (issued by the State Council on April 28, 1986, came into effect on July 1, 1986 and amended on January 8, 2011), the tax rate of education surcharges shall be 3% of the actual amount of consumption tax, value-added tax and business tax paid by the entities and individuals and paid at the same time along with the above taxes.

### Foreign Exchange Regulations of the PRC

In accordance with Regulations on the Administration of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (issued by the State Council on January 29, 1996, came into effect on April 1, 1996 and amended on August 5, 2008), foreign currency earnings of domestic entities or individuals can be transferred back to the PRC or deposited overseas; the conditions and time limit of transferring back to China and overseas deposit shall be specified by the foreign exchange administration department of the State Council in accordance with the international receipts and payments status and requirements of foreign exchange administration. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaged in the settlement or sale of foreign exchange in accordance with the relevant provisions of the State. Domestic entities or individuals who directly make overseas investment or involve in distribution or trade of foreign securities or derivative products, shall go through the formalities for registration in accordance with the provisions of the foreign exchange administration department of the State Council. If the above entities or individuals shall be subjected to the approved or record-filing with the competent department in advance as required by the state, they should submit related documents for inspection, approval and record-filing before foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

In accordance with the Provisions on Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (issued by the People's Bank of China on June 20, 1996 and came into effect on July 1, 1996), foreign exchange receipts under the current account of foreign-invested enterprises may be retained within the maximum amount approved by the foreign exchange administration department and the exceeding part shall be sold to a designated foreign exchange bank or sold through the foreign exchange swap center.

In accordance with the Notice of State Administration of Foreign Exchange on Reforming and Regulating the policies for the Administration of Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (issued by the State Administration of Foreign Exchange on June 9, 2016 and came into effect on the same day), the settlement of foreign exchange receipts under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement in accordance with relevant policies, shall be conducted in the banks as actually needed for business operation. The RMB funds obtained by a domestic entity from its discretionary settlement of foreign exchange receipts under the capital account shall be included in the account pending for foreign exchange settlement and payment. The discretionary exchange settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100%. The State Administration of Foreign Exchange may adjust the above ratio in due time in accordance with the balance of payment status.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### HISTORY AND DEVELOPMENT

#### History

We were established in 2000 and started to provide property management services since then. Since the commencement of our property management business in 2000, we have expanded our geographical presence of property management services from Sichuan Province to 69 cities across the PRC as of December 31, 2018.

To complement our property management services, in 2000, we commenced our community value-added service business and in 2008, we began to provide consultancy services. Since the inception of our business, we have continued to enhance our property management services and introduced four types of service models, including “Golden Butler Service,” “Butler Service,” “Hotel Service” and “Quality Service” to provide customized on-site services to property owners and residents. Furthermore, in 2015, we developed the “Justbon Life Pro (嘉寶生活家)” to integrate online and offline resources to enhance our service quality.

#### Business Development Milestones

The following events set forth the key milestones of our business development.

Year	Events
2000	Our Company was established in Chengdu, Sichuan Province on December 7, 2000.
2002	We started to provide property management services to commercial properties in 2002.
2006	We started to provide property management services to Yufu Huadu Project (禦府花都項目) developed by Languang Group, which is the first residential property project under our management.
2007	We were awarded the National First Class Certificate for Property Management Enterprise in the PRC (國家物業管理企業資質證書) by the Ministry of Housing and Urban-Rural Development of PRC.
2010	We established the first leasing and sales center, which later became “Languang Justbon Yiju (藍光嘉寶易居)” to further diversify our commercial property management and operation services.  We were certified under ISO9001:2008 for the quality of our property management services.



## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Events
2015	<p>We have established a strategic partner alliance represented by platform service providers such as Beijing Jingdong Shangke Information Technology Co., Ltd. (北京京東尚科信息技術有限公司), a company principally engaged in software and information technology development and a member of JD.com, Inc.'s Group (京東集團), to achieve cross-industry cooperation, and corporate alliance centered on reputable property management companies such as Mingde Property Management (明德物業) and Yuehua Land Property Management (悅華置地物業).</p> <p>We developed “Justbon Life Pro (嘉寶生活家)” service system to leverage our capital, Internet and property management strengths and integrate online and offline resources.</p> <p>We were listed on the NEEQ (stock code: 834962) and became the first property management company to list on the NEEQ in Southwest China.</p>
2016	<p>We were ranked 16th among the property management companies in China in terms of overall strength, according to CIA.</p> <p>We became the only property management company of the 100 key companies on the list of the “three hundred projects (三百工程)” in the service industry designated by the People’s Government of Sichuan Province.</p> <p>We were awarded as the excellent committee member of Property Management Committee of Sichuan Real Estate Association (四川省房地產協會物業管理專委會優秀專業委員會).</p> <p>Our independently developed ECM technology, “Life Pro” cloud and mid-end platform technologies have obtained one patent for utility model and six software copyrights in the PRC.</p> <p>We acquired Guojia Property as part of our business development strategy.</p>
2017	<p>We ranked 14th among the 2017 China Top 100 Property Management Companies with brand value of approximately RMB2.3 billion, as calculated by CIA using discounted cash flow method to value the brand taking into account the profit forecast, brand contribution to Company’s revenue and discount rate of the brand.</p> <p>We acquired Hangzhou Lvyu and Shanghai Zhenxian as part of our strategy to expand into the Yangtze River Delta high growth area.</p>

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Events
2018	<p>We acquired Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng to consolidate our leading position in the Sichuan Province.</p> <p>We ranked 13th among the 2018 China Top 100 Property Management Companies with brand value of approximately RMB3.2 billion, as calculated by CIA using discounted cash flow method to value the brand taking into account the profit forecast, brand contribution to Company's revenue and discount rate of the brand.</p> <p>We were delisted from NEEQ as part of our development strategy.</p>
2019	<p>We ranked 11st among the 2019 China Top 100 Property Management Companies according to CIA.</p> <p>We were awarded "2019 China Leading Property Management Companies — Community Quality Life and Commercial Asset Operator (2019 中國特色物業服務領先企業 — 社區品質生活及商業資產運營商)" and "2019 Real Estate Service Provider Worth Focusing by Capital Market (2019 值得資本市場關注的房地產服務商)".</p>

### OUR CORPORATE DEVELOPMENT

The major corporate developments of our Company and our key operating subsidiaries which were material to our performance during the Track Record Period are set out below.

#### Our Company

Our Company was established in the PRC on December 7, 2000 with an initial registered capital of RMB1,000,000. Upon its establishment, the equity interest in our Company was held as to 80% by Languang Hejun and 20% by Chengdu Century Computer Center Co., Ltd. (成都世紀電腦城有限責任公司), a subsidiary of Languang Hejun. Our Company has been engaged in the provision of property management services and other related value-added services in the PRC since its establishment.

Subsequent to a series of increases in registered capital and transfers of equity interests, our Company was wholly owned by Languang Hejun. Pursuant to Shareholder's resolutions dated June 22, 2015, a share incentive plan was approved, under which 13 individuals, including our directors, supervisors, senior management and certain employees (the "**Recipients**") agreed to inject RMB1,161,100 into our Company through Chengdu Jiayu, a limited liability partnership whose general partner is Mr. Yao Min, the chairman of the Board. Upon completion of the capital injection under such share incentive plan, the registered capital of our Company was increased to RMB21,161,100 and was owned as to 94.51% by Languang Hejun and 5.49% by Chengdu Jiayu.

In contemplation of listing on the NEEQ, on August 13, 2015, the shareholders of our Company passed a resolution approving, among other matters, the conversion of our Company from a limited liability company into a joint stock company with limited liability. Upon completion of the conversion on August 17, 2015, the share capital of our Company was RMB21,161,100 divided into 21,161,100 Shares with a nominal value of RMB1.00 each, of which Languang Hejun and Chengdu Jiayu held 20,000,000 Shares and 1,161,100 Shares, representing approximately 94.51% and 5.49% of our share capital, respectively. On December 17, 2015, our Shares were listed on NEEQ.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

In May 2016, the share capital of our Company was increased from RMB21,161,100 to RMB84,644,400 by capitalization of capital reserves and upon completion of such capitalization, the shareholding percentage of Languang Hejun and Chengdu Jiayu remained the same.

In September 2016, our Company issued a total of 3,400,000 Shares to six independent securities companies which are market makers at a total consideration of RMB39,100,000 and our share capital was further increased to RMB88,044,400.

In June 2018, the share capital of our Company was further increased to RMB123,262,160 by capitalization of capital reserves. Before delisting from NEEQ, a total number of 26 independent investors held a total number of 861,000 Shares other than the six market makers mentioned above.

### **Our major operating Group companies**

The major corporate developments of our subsidiaries which were material to our performance during the Track Record Period are set out below:

#### ***Chongqing Justbon***

Chongqing Justbon was established in the PRC on July 14, 2008 as a limited liability company. Upon its establishment, the initial registered capital of Chongqing Justbon was RMB3,000,000 and was owned as to 95% by Sichuan Justbon, the predecessor of our Company, and 5% by Languang Investment, one of our Controlling Shareholders. Chongqing Justbon has been engaged in the provision of property management services mainly in Southwest region in the PRC since its establishment.

On April 2, 2009, Languang Investment and Chengdu Hanrun entered into an equity transfer agreement, pursuant to which Languang Investment transferred 5% equity interest in Chongqing Justbon to Chengdu Hanrun at a consideration of RMB150,000. The consideration was determined after arm's length negotiation between the parties and with reference to the then registered capital of Chongqing Justbon. Upon completion of such transfers, Chongqing Justbon was owned as to 95% by Sichuan Justbon and 5% by Chengdu Hanrun.

On December 6, 2014 and September 20, 2017, shareholders' resolutions were passed by Chongqing Justbon to approve the increase of registered capital of Chongqing Justbon to RMB5,000,000, and further increased to RMB20,000,000, respectively. The capital contribution was fully paid up by Sichuan Justbon. Upon completion of such increases of registered capital, Chongqing Justbon was owned as to 99.25% by Sichuan Justbon and 0.75% by Chengdu Hanrun.

#### ***Kunming Justbon***

Kunming Justbon was established in the PRC on November 28, 2012 as a limited liability company with an initial registered capital of RMB3,000,000. Upon its establishment, Kunming Justbon was owned as to 95% by Sichuan Justbon and 5% by Chengdu Hanrun. Kunming Justbon has been engaged in providing property management services in Yunnan Province, the PRC since its establishment.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On August 29, 2016, a shareholders' resolution was passed by Kunming Justbon to approve the increase of registered capital of Kunming Justbon to RMB5,000,000 and such capital contribution had been paid by Sichuan Justbon. Upon completion of such capital contribution, Kunming Justbon was owned as to 97% by Sichuan Justbon and 3% by Chengdu Hanrun.

### ***Guojia Property***

Guojia Property was established in the PRC on April 2, 2001 as a limited liability company with an initial registered capital of RMB500,000 and was owned as to 80% by Sichuan Guojia Real Estate Co., Ltd. (四川省國嘉地產有限公司) ("**Guojia Real Estate**") and 20% by Mr. Yuan Li (袁理). Both Guojia Real Estate and Mr. Yuan Li are Independent Third Parties. Guojia Property has been engaged in the provision of property management services in Chengdu, the PRC since its establishment.

On June 18, 2003, Guojia Property passed a shareholders' resolution to approve the increase of registered capital of Guojia Property from RMB500,000 to RMB3,000,000, of which RMB2,000,000 was paid by Guojia Real Estate and RMB500,000 was paid by Mr. Yuan Li. Upon completion of such capital contribution, the shareholding structure of Guojia Property (國嘉物業) remained the same.

On March 15, 2005, each of Mr. Yuan Li and Mr. Xu Cheng (徐成), an Independent Third Party who was a former general manager of Guojia Property, signed an equity transfer agreement with Guojia Real Estate, pursuant to which Guojia Real Estate transferred its 70% and 10% equity interest in Guojia Property to Mr. Yuan Li and Mr. Xu Cheng at a consideration of RMB2,100,000 and RMB300,000, respectively. The consideration was determined after arm's length negotiation between the parties with reference to the then registered capital of Guojia Property. Upon completion of the transfers, Guojia Property was owned as to 90% by Mr. Yuan Li and 10% by Mr. Xu Cheng.

On June 1, 2010, each of Mr. Yuan Li and Mr. Xu Cheng signed an equity transfer agreement with Sichuan Defeng Investment Management Co., Ltd. (四川省德豐投資管理有限公司) ("**Sichuan Defeng**"), an Independent Third Party, pursuant to which Mr. Yuan Li and Mr. Xu Cheng transferred their entire equity interests in Guojia Property to Sichuan Defeng at a consideration of RMB2,700,000 and RMB300,000, respectively. The consideration was determined after arm's length negotiation between the parties with reference to the then registered capital of Guojia Property. On the same date, the registered capital of Guojia Property was increased to RMB5,000,000, with RMB2,000,000 paid by Guojia Real Estate. Upon completion of such transfer and capital contribution, Guojia Property was owned as to 40% by Guojia Real Estate and 60% by Sichuan Defeng.

Pursuant to the equity transfer agreement dated August 23, 2016 entered into among our Company, Guojia Real Estate and Sichuan Defeng, Guojia Property became a wholly-owned subsidiary of our Company in September 2016. For further details, please refer to the paragraph entitled "— Major Acquisitions During the Track Record Period" in this section.

### **MAJOR ACQUISITIONS DURING THE TRACK RECORD PERIOD**

The following acquisitions during the Track Record Period, as advised by our PRC Legal Advisor, JunHe LLP, have been properly and legally completed and settled.

#### **Acquisition of the entire equity interest in Guojia Property**

On August 23, 2016, our Company entered into an equity transfer agreement with Guojia Real Estate and Sichuan Defeng, both of whom are Independent Third Parties, pursuant to which our Company acquired 40% of the equity interest held by Guojia Real Estate and 60% of the equity interest held by Sichuan Defeng in Guojia Property for a total consideration of RMB104,000,000 which was determined after arm's length negotiations with

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

reference to the financial position of Guojia Property at the time of such acquisition. As of the Latest Practicable Date, the consideration had been fully settled in September 2016. Upon completion of such acquisitions, Guojia Property became a wholly-owned subsidiary of our Company.

### **Acquisition of 76% equity interest in Hangzhou Lvyu**

On October 19, 2017, our Company entered into an equity transfer agreement with Hangzhou Lvyong Venture Investment Co., Ltd. (杭州綠瑩創業投資有限公司) (“**Hangzhou Lvyong**”), an Independent Third Party and pursuant to which our Company acquired 76% of the equity interest held by Hangzhou Lvyong in Hangzhou Lvyu for a total consideration of RMB60,000,000, which was determined after arm’s length negotiations with reference to the valuation of Hangzhou Lvyu as assessed by an independent valuer. As of the Latest Practicable Date, the consideration had been fully settled in January 2019. Upon completion of such acquisition, Hangzhou Lvyu became owned as to 76% by our Company and 24% by Mr. Zhang Ruju (張如舉), an Independent Third Party.

### **Acquisition of 80% equity interest in Shanghai Zhenxian**

On October 20, 2017, our Company entered into an equity transfer agreement with Shanghai Tongda Real Estate Co., Ltd. (上海統達置業有限公司) (“**Shanghai Tongda**”), an Independent Third Party, pursuant to which our Company acquired 80% of the equity interest held by Shanghai Tongda in Shanghai Zhenxian for a total consideration of RMB24,000,000 which was determined after arm’s length negotiations with reference to the valuation of Shanghai Zhenxian as assessed by an independent valuer. As of the Latest Practicable Date, 90% of the consideration had been settled in December 2017 and the remaining balance will be paid by our Company in 2020. Upon completion of such acquisition, Shanghai Zhenxian became owned as to 80% by our Company and 20% by Shanghai Tongda.

### **Acquisition of 65% equity interest in Chengdu Dongjing**

On May 23, 2018, our Company entered into an equity transfer agreement with Sichuan Xinchuangtou Investment Co., Ltd. (四川新創投投資有限責任公司) (“**Sichuan Xinchuangtou**”), an Independent Third Party, pursuant to which our Company acquired 65% of the equity interest held by Sichuan Xinchuangtou in Chengdu Dongjing for a total consideration of RMB52,000,000 which was determined after arm’s length negotiations with reference to the valuation of Chengdu Dongjing as assessed by an independent valuer. As of the Latest Practicable Date, 96.15% of the consideration had been settled in December 2018 and the remaining balance will be paid by our Company if the performance target of Chengdu Dongjing for the year ending December 31, 2019 as set out in the equity transfer agreement is achieved. Upon completion of such acquisition, Chengdu Dongjing became owned as to 65% by our Company and 35% by Sichuan Xinchuangtou.

### **Acquisition of 70% equity interest in Luzhou Tianli**

On June 22, 2018, our Company entered into an equity transfer agreement with Sichuan Tianli Real Estate Development Co., Ltd. (四川天立房地產開發有限公司) (“**Sichuan Tianli**”), an Independent Third Party, pursuant to which our Company acquired 70% of the equity interest held by Sichuan Tianli in Luzhou Tianli for a total consideration of RMB35,000,000 which was determined after arm’s length negotiations with reference to the valuation of Luzhou Tianli as assessed by an independent valuer. As of the Latest Practicable Date, 90% of the consideration had been settled in August 2018 and the remaining balance will be paid by our Company if the performance target of Luzhou Tianli for the year ending December 31, 2019 as set out in the equity transfer agreement is achieved. Upon completion of such acquisition, Luzhou Tianli became owned as to 70% by our Company, 28.3% by Sichuan Tianli and 1.7% by an Independent Third Party. On July 3, 2018, Sichuan Tianli acquired 1.7% equity interest of Luzhou Tianli from the Independent Third Party.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

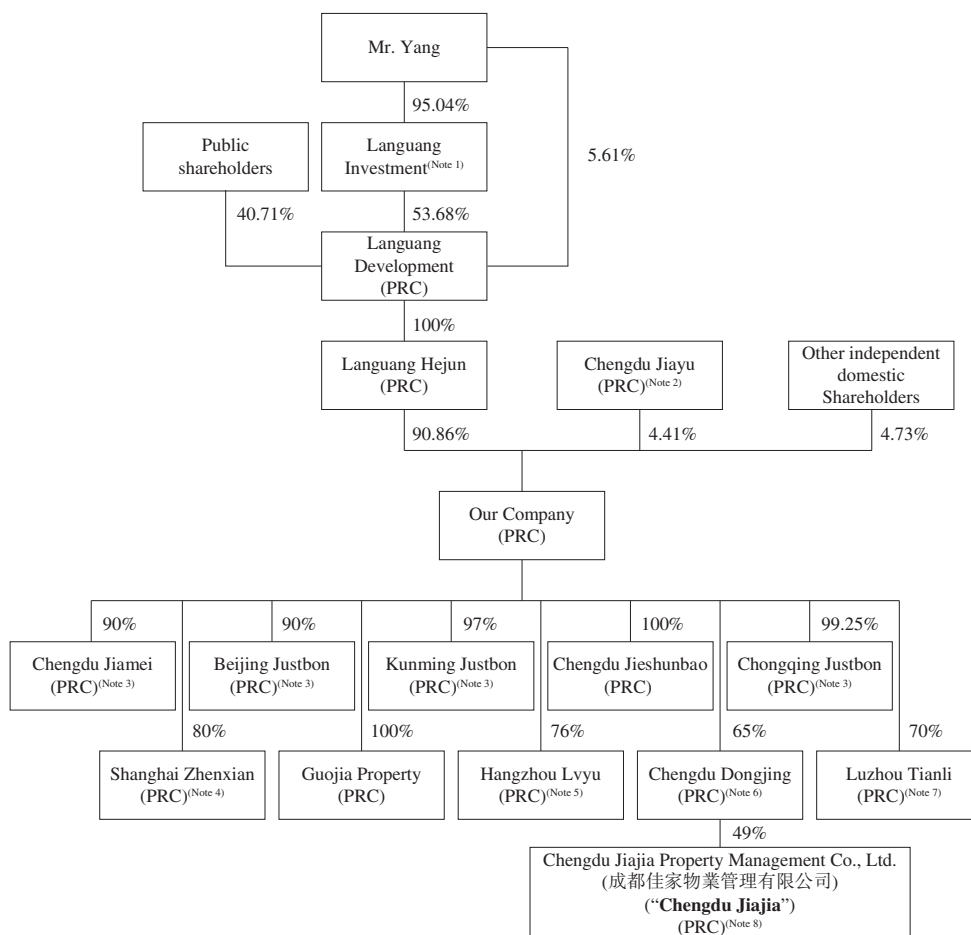
### Acquisition of the entire equity interest in Chengdu Quancheng

On December 14, 2018, our Company entered into an equity transfer agreement with Chengdu Xinzhu Honghu Real Estate Co., Ltd. (成都新築鴻鵠置業有限公司) (“**Chengdu Xinzhu**”), an Independent Third Party, pursuant to which our Company acquired the entire equity interest held by Chengdu Xinzhu in Chengdu Quancheng for a total consideration of RMB2,300,000 which was determined after arm’s length negotiations with reference to the valuation of Chengdu Quancheng as assessed by an independent valuer. Upon completion of such acquisition, Chengdu Quancheng became a wholly-owned subsidiary of our Company. As of the Latest Practicable Date, 90% of the consideration had been settled in February 2019 and the remaining balance will be paid by our Company in 2021.

Our PRC Legal Advisor, JunHe LLP, has confirmed that since all necessary filings and registrations with the relevant PRC authorities in respect of the major acquisitions described above have been completed in accordance with the relevant PRC laws and regulations, each of the acquisitions has been properly and legally completed during the Track Record Period despite the consideration of certain of such acquisitions had not been fully settled as of the Latest Practicable Date.

### REORGANIZATION

The following diagram illustrates our shareholding structure before the Reorganization:





## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### Notes:

1. The remaining equity interest is held by an Independent Third Party.
2. Chengdu Jiayu is owned as to 36.45% by Mr. Yao Min (姚敏), the chairman of the Board and executive Director, 14.24% by Languang Hejun and 49.31% by other shareholders, including 6 employees of our Company and 6 Independent Third Parties.
3. The remaining equity interest is held by Chengdu Hanrun.
4. The remaining equity interest is held by Shanghai Tongda.
5. The remaining equity interest is held by Mr. Zhang Ruju.
6. The remaining equity interest is held by Sichuan Xinchuangtou.
7. The remaining equity interest is held by Sichuan Tianli.
8. The remaining equity interest is held by Chengdu Hongtaida Commercial Co., Ltd. (成都市宏泰達商貿有限公司) (“**Chengdu Hongtaida**”), an Independent Third Party. Considering that Chengdu Dongjing is responsible for the management of Chengdu Jiajia’s overall operation and pursuant to the property management agreement with Chengdu Hongtaida that Chengdu Dongjing is entitled to 80% of the distributable profit of Chengdu Jiajia, its financial accounts have been consolidated into our Group’s accounts.

In preparation for the Listing, our Group underwent the following reorganization steps: (a) delisting from NEEQ; (b) acquisition of Shares held by certain minority shareholders of our Company by Languang Hejun; and (c) adoption of share incentive scheme, details of which are set out below.

### 1. Delisting from NEEQ

In order to further strengthen our corporate governance, raise our brand awareness and broaden the financing channels in the capital market to support our increasing financing needs for our further expansion and speed up our steps to become a modern community life service provider, on July 26, 2018, our Company delisted from NEEQ in preparation for the Listing. Our Directors confirm that (a) during the period that the Company was listed on the NEEQ, (i) the Group had been in compliance with the applicable rules and regulations in the PRC; and (ii) none of the Group members and the directors of the Company during such period had been subject to any disciplinary action by any relevant law enforcement authority or regulators in the PRC; and (b) there are no further matters in relation to the Company’s previous listing on the NEEQ that need to be brought to the attention of the regulators in Hong Kong, the investors or the Shareholders. Our PRC Legal Advisor, JunHe LLP, has confirmed that, during the Company’s listing on the NEEQ, neither the Company nor its directors were subject to any disciplinary actions or administrative penalties for non-compliance with the applicable regulatory rules of the NEEQ.

Having considered the above as well as publicly available information, the Joint Sponsors are not aware of (i) any breach or suspected breach of the applicable rules and regulations in the PRC relating to the Company’s previous listing on the NEEQ during the period it was listed on the NEEQ; (ii) any of the Group members and the Directors having been subject to any disciplinary action by any relevant law enforcement authority or regulators in the PRC in relation to the Company’s listing on the NEEQ; and (iii) any further matters that ought to be brought to the attention of the regulators and the investors in Hong Kong in relation to the Company’s previous listing on the NEEQ that may be relevant to assessment of the Company’s Listing.

### 2. Acquisition of Shares held by certain minority shareholders of our Company by Languang Hejun

From July 25, 2018 to November 27, 2018, Languang Hejun entered into a number of share transfer agreements with 17 minority Shareholders of our Company, pursuant to which such minority shareholders agreed to transfer an aggregate equity interest of approximately 3.116% in our Company to Languang Hejun at an aggregate consideration of RMB69,485,390. The consideration was determined with reference to (i) the price when the minority shareholders purchased our shares on NEEQ; and (ii) the price of our shares before delisting from NEEQ. The consideration for such transfers has been fully settled, resulting in our Company becoming owned as to approximately 93.98%, 4.41% and 1.61% by Languang Hejun, Chengdu Jiayu and other independent domestic Shareholders, respectively.



# HISTORY, REORGANISATION AND CORPORATE STRUCTURE

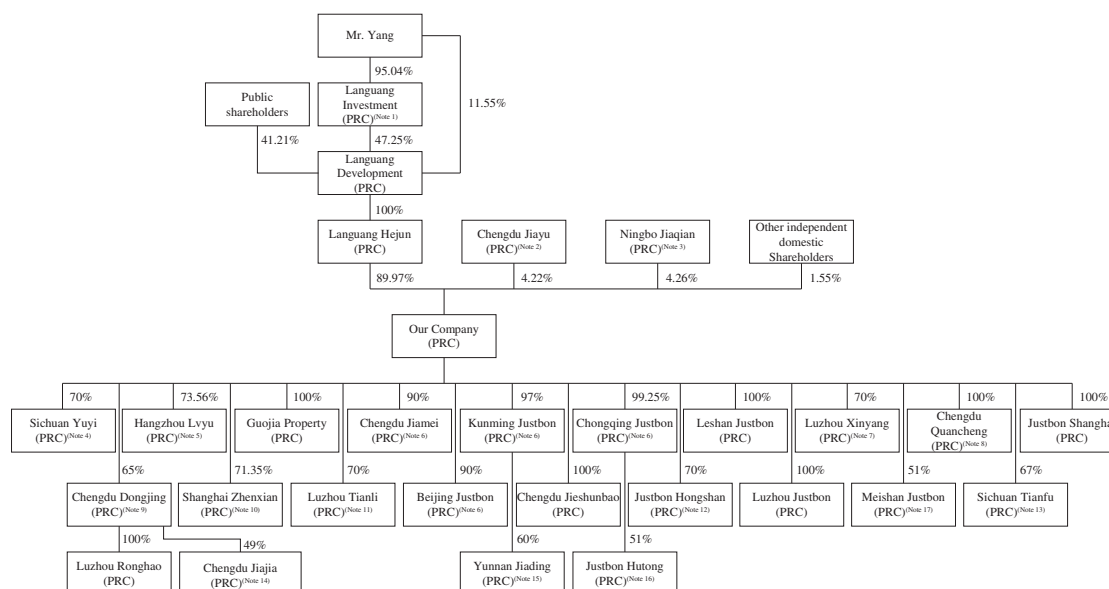
## 3. Adoption of share incentive scheme

In order to retain talents for achieving our strategic and operational goals, on November 9, 2018, our shareholders passed resolutions approving the adoption of a share incentive scheme. To facilitate the incorporation of such scheme, the share capital of our Company increased from RMB123,262,160 to RMB128,748,460 as a result of the additional capital contribution of RMB5,486,300 made by Ningbo Jiaqian Corporate Management Partnership (Limited Partner) (寧波嘉乾企業管理合夥企業(有限合夥)) (“**Ningbo Jiaqian**”). Ningbo Jiaqian was established on November 1, 2018 pursuant to a limited partnership agreement dated October 29, 2018. Pursuant to such agreement, the chairman of the Board and our executive Director, Mr. Yao Min (as general partner), two of our senior management, Mr. Zhang Zhijun and Ms. Li Lijuan and another then employee (as limited partners) agreed to establish Ningbo Jiaqian to implement the share incentive scheme. In November 2018, two of our executive Directors, Mr. Wu Gang and Mr. Chen Jingchao, three of our senior management, Mr. Chen Zhenhua, Mr. Zhang Qiang and Mr. Lv Lianghai and three other employees became additional limited partners of Ningbo Jiaqian. The amount of such capital injection was paid up on December 3, 2018. Upon completion of such capital contribution, our Company became owned as to approximately 89.97% by Languang Hejun, 4.22% by Chengdu Jiayu, 4.26% by Ningbo Jiaqian and 1.55% by Independent Third Parties.

Our PRC Legal Advisor, JunHe LLP, has confirmed that all necessary filings and registrations with the relevant PRC authorities in respect of the Reorganization had been completed as of the Latest Practicable Date.

### *Our Group’s Shareholding Structure after the Reorganization*

The following diagram illustrates our shareholding structure after the Reorganization and immediately prior to the Global Offering:



#### Notes:

1. The remaining equity interest is held by an Independent Third Party.
2. Chengdu Jiayu is owned as to 34.9% by Mr. Yao Min, our executive Director, 31.9% by Languang Hejun and 33.2% by 11 employees of our Company. Mr. Yao Min is the general partner and the remaining partners are the limited partners.

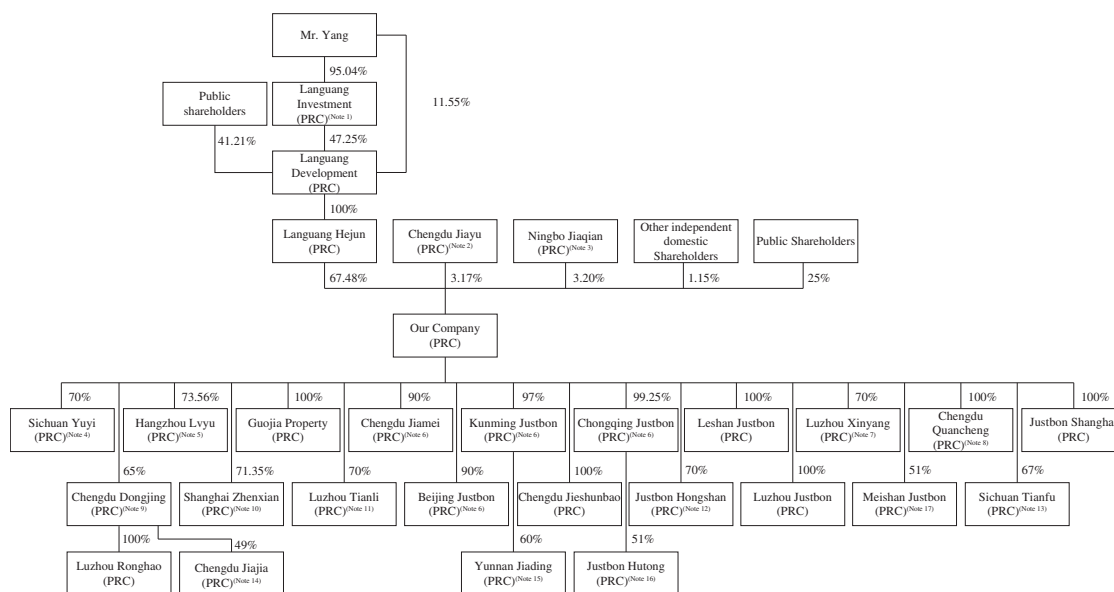
## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

3. As of the Latest Practicable Date, Ningbo Jiaqian was owned as to 33.5% by Mr. Yao Min (姚敏), 9.1% by Mr. Wu Gang (吳剛), 9.0% by Mr. Chen Jingchao (陳景超), 8.8% by Ms. Li Lijuan (李麗娟), 8.7% by Mr. Zhang Zhijun (張志軍), 8.5% by Mr. Chen Zhenhua (陳振華), 4.2% by Mr. Lv Lianghai (呂良海), 3.7% by Mr. Zhang Qiang (張強) and 14.5% by three employees. Mr. Yao Min is the general partner and the remaining partners are the limited partners.
4. The remaining equity interest is held by Sichuan Yuyi Real Estate Co., Ltd. (四川宇億置業有限公司), an Independent Third Party save for its shareholding in Sichuan Yuyi.
5. The remaining equity interest is held as to 24% by Mr. Zhang Ruju, an Independent Third Party save for his shareholding in Hangzhou Lvyu, and 2.44% by Chengdu Jiaheheng Corporate Management Center (Limited Partnership) (成都嘉合亨企業管理中心(有限合夥)) (“**Chengdu Jiaheheng**”), a limited partnership established by individuals who at the time of establishment of the limited partnership were our employees. Pursuant to the co-investments arrangements with our Company, Chengdu Jiaheheng acquired the equity interest in Hangzhou Lvyu from our Company in September 2018 for a consideration of RMB1,683,578 which was determined with reference to the valuation of Hangzhou Lvyu as assessed by an independent valuer. For details of the co-investments in acquired companies mechanism, please refer to the paragraph entitled “Experienced management team and effective staff development and motivation mechanism” in the section entitled “Business”.
6. The remaining equity interest is held by Chengdu Hanrun.
7. The remaining equity interest is held by Sichuan Xinyang Investment Management Co., Ltd. (四川鑫洋投資管理有限公司), an Independent Third Party save for its shareholding in Luzhou Xinyang.
8. Chengdu Quancheng became our subsidiary on December 14, 2018. For details, please refer to the paragraph entitled “Major Acquisitions during the Track Record Period – Acquisition of the entire equity interest in Chengdu Quancheng” of this section.
9. The remaining equity interest is held by Sichuan Xinchuangtou, an Independent Third Party save for its shareholding in Chengdu Dongjing.
10. The remaining equity interest is held as to 20% by Shanghai Tongda, an Independent Third Party save for its shareholding in Shanghai Zhenxian and 8.65% by Chengdu Jiaruixiang Corporate Management Center (Limited Partnership) (成都嘉瑞祥企業管理中心(有限合夥)) (“**Chengdu Jiaruixiang**”), a limited partnership established by individuals who at the time of establishment of the limited partnership were our employees. Pursuant to the co-investments arrangements with our Company, Chengdu Jiaruixiang acquired the equity interest in Shanghai Zhenxian from our Company in September 2018 for a consideration of RMB2,162,500 which was determined with reference to the valuation of Shanghai Zhenxian as assessed by an independent valuer. For details of the co-investments in acquired companies mechanism, please refer to the paragraph entitled “Experienced management team and effective staff development and motivation mechanism” in the section entitled “Business”.
11. The remaining equity interest is held by Sichuan Tianli, an Independent Third Party save for its shareholding in Luzhou Tianli.
12. The remaining equity interest is held by Zigong Yin Hai Property Development Co., Ltd. (自貢銀海房地產開發有限公司), an Independent Third Party save for its shareholding in Justbon Hongshan.
13. The remaining equity interest is held by Mr. Li Dejun (李德君), an Independent Third Party save for his shareholding in Sichuan Tianfu.
14. The remaining equity interest is held by Chengdu Hongtaida, an Independent Third Party save for its shareholding in Chengdu Jiajia. Considering that Chengdu Dongjing is responsible for the management of Chengdu Jiajia’s overall operation and pursuant to a property management agreement between Chengdu Dongjing and Chengdu Hongtaida which provides that Chengdu Dongjing is entitled to 80% of the distributable profit of Chengdu Jiajia, its financial accounts have been consolidated into our Group’s accounts.
15. The remaining equity interest is held by Yunnan Jinze Property Development Co., Ltd. (雲南金澤房地產開發有限公司), an Independent Third Party save for its shareholding in Yunnan Jiading.
16. The remaining equity interest is held by Chongqing Hutong Property Management Co., Ltd. (重慶滬通物業管理有限公司), an Independent Third Party save for its shareholding in Justbon Hutong.
17. The remaining equity interest is held by Sichuan Yihe Property Management Co., Ltd. (四川頤合物業管理有限公司), an Independent Third Party save for its shareholding in Meishan Justbon.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### Our Group's Shareholding Structure after the Global Offering

The following diagram illustrates our shareholding structure immediately following the Global Offering (assuming the Over-allotment Option is not exercised):



#### Notes:

- The remaining equity interest is held by an Independent Third Party.
- Chengdu Jiayu is owned as to 34.9% by Mr. Yao Min, our executive Director, 31.9% by Languang Hejun and 33.2% by 11 employees of our Company. Mr. Yao Min is the general partner and the remaining partners are the limited partners.
- As of the Latest Practicable Date, Ningbo Jiaqian was owned as to 33.5% by Mr. Yao Min (姚敏), 9.1% by Mr. Wu Gang (吳剛), 9.0% by Mr. Chen Jingchao (陳景超), 8.8% by Ms. Li Lijuan (李麗娟), 8.7% by Mr. Zhang Zhijun (張志軍), 8.5% by Mr. Chen Zhenhua (陳振華), 4.2% by Mr. Lv Lianghai (呂良海), 3.7% by Mr. Zhang Qiang (張強) and 14.5% by three employees. Mr. Yao Min is the general partner and the remaining partners are the limited partners.
- The remaining equity interest is held by Sichuan Yuyi Real Estate Co., Ltd. (四川宇億置業有限公司), an Independent Third Party save for its shareholding in Sichuan Yuyi.
- The remaining equity interest is held as to 24% by Mr. Zhang Ruju, an Independent Third Party save for its shareholding in Hangzhou Lvyu, and 2.44% by Chengdu Jiaheheng pursuant to the co-investments arrangements with our Company. For details of the co-investments in acquired companies mechanism, please refer to the paragraph entitled "Experienced management team and effective staff development and motivation mechanism" in the section entitled "Business".
- The remaining equity interest is held by Chengdu Hanrun.
- The remaining equity interest is held by Sichuan Xinyang Investment Management Co., Ltd. (四川鑫洋投資管理有限公司), an Independent Third Party save for its shareholding in Luzhou Xinyang.
- Chengdu Quancheng became our subsidiary on December 14, 2018. For details, please refer to the paragraph entitled "Major Acquisitions during the Track Record Period – Acquisition of the entire equity interest in Chengdu Quancheng" of this section.
- The remaining equity interest is held by Sichuan Xinchuangtou, an Independent Third Party save for its shareholding in Chengdu Dongjing.
- The remaining equity interest is held as to 20% by Shanghai Tongda, an Independent Third Party save for its shareholding in Shanghai Zhenxian and 8.65% by Chengdu Jiaruixiang pursuant to the co-investments arrangements with our Company. For details of the co-investments in acquired companies mechanism, please refer to the paragraph entitled "Experienced management team and effective staff development and motivation mechanism" in the section entitled "Business".
- The remaining equity interest is held by Sichuan Tianli, an Independent Third Party save for its shareholding in Luzhou Tianli.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

12. The remaining equity interest is held by Zigong Yin Hai Property Development Co., Ltd. (自貢銀海房地產開發有限公司), an Independent Third Party save for its shareholding in Justbon Hongshan.
13. The remaining equity interest is held by Mr. Li Dejun (李德君), an Independent Third Party save for his shareholding in Sichuan Tianfu.
14. The remaining equity interest is held by Chengdu Hongtaida, an Independent Third Party save for its shareholding in Chengdu Jiajia. Considering that Chengdu Dongjing is responsible for the management of Chengdu Jiajia's overall operation and pursuant to a property management agreement between Chengdu Dongjing and Chengdu Hongtaida which provides that Chengdu Dongjing is entitled to 80% of the distributable profit of Chengdu Jiajia, its financial accounts have been consolidated into our Group's accounts.
15. The remaining equity interest is held by Yunnan Jinze Property Development Co., Ltd. (雲南金澤房地產開發有限公司), an Independent Third Party save for its shareholding in Yunnan Jiading.
16. The remaining equity interest is held by Chongqing Hutong Property Management Co., Ltd. (重慶滬通物業管理有限公司), an Independent Third Party save for its shareholding in Justbon Hutong.
17. The remaining equity interest is held by Sichuan Yihe Property Management Co., Ltd. (四川頤合物業管理有限公司), an Independent Third Party save for its shareholding in Meishan Justbon.

## OVERVIEW

We are a leading property management service provider in Southwest China and Sichuan Province with a fast growth track record. In Southwest China and Sichuan Province, we had a total GFA under management of approximately 41.6 million sq.m. and 33.4 million sq.m., respectively, as of December 31, 2018, which ranked us fourth and first, respectively, among the Top 100 Property Management Companies in China in 2019 in terms of GFA under management in these two regions as of the same date, according to CIA. According to CIA, we were ranked first and 11th among the Top 100 Property Management Companies of Sichuan Province and China in 2019, respectively, in terms of overall strength\*. Through organic growth as well as mergers and acquisitions, we achieved rapid business expansion during the Track Record Period. Our GFA under management increased from approximately 24.2 million sq.m. as of December 31, 2016 to approximately 60.6 million sq.m. as of December 31, 2018, representing a CAGR of 58.2%, compared to the average CAGR of the Top 100 Property Management Companies of 16.7% for the same period, and further increased to approximately 63.3 million sq.m. as of June 30, 2019.

Our three business lines, namely, property management services, consultancy services and community value-added services, form an integrated service spectrum covering the entire chain of property management.

- *Property Management Services* — We provide property developers, property owners and residents with a wide range of property management services, including, among others, security, cleaning, greening and gardening, repairs and maintenance services. Our portfolio of managed properties comprises (i) residential properties and (ii) non-residential properties (including shopping malls, office buildings, industrial parks and hotels). We collect property management fees for such services. During the Track Record Period, substantially all of our property management fees were charged on a lump sum basis, with only a very small portion charged on a commission basis.
- *Consultancy Services* — We also offer consultancy services to property developers, home owners and other property management companies, which include (i) preliminary planning and design consultancy services for property development projects, (ii) sales assistance services, (iii) home inspection services, and (iv) on-site consultation and advice to selected local property management companies, enabling them to deliver better services to their clients. We collect consultancy fees for such services.
- *Community Value-added Services* — Our community value-added services aim to provide property owners and residents with access to a wide range of products and services through a variety of channels, bringing more convenience to them and enhancing their living experience.

\* CIA publishes the Top 100 Property Management Companies on an annual basis, a ranking of property management companies in the PRC in terms of overall strength based on data from the previous year on key factors such as management scale, operational performance, service quality, growth potential and social responsibility. For more information, see “Industry Overview — CIA and its Methodologies” in this prospectus.

We believe our property management business not only brings us significant revenue, but provides customer base for our community value-added services. Our consultancy business helps us establish and cultivate business relationships with property developers in the early stages of property development projects, granting us a competitive advantage when competing for potential engagement in property management services. Our community value-added service business, through the offer of diversified products, enhances the satisfaction and loyalty of our customers and improves the market acceptance of our brand and services. The synergies among our three business lines diversify our revenue streams and capture new market opportunities.

In addition, to integrate our three business lines, expand the reach of our offline services and enhance customer experience, we developed a one-stop service platform, including, among others, “Justbon Life Pro (嘉寶生活家)” mobile application. Please refer to the sub-section entitled “— Our One-stop Service Platform and Justbon Life Pro (嘉寶生活家) Mobile Application” in this section. To strengthen our competitiveness and reduce costs, we focus on standardization, digitalization and automation in our daily operations. Please refer to the sub-section entitled “— Standardized Operation, Digitalization and Information Technology, and Operation Automation” in this section.

We have won various honors and awards in recognition of our industry-leading brand and competitiveness. In 2019, we received the “Leading Property Management Companies in terms of Characteristic Service (中國特色物業服務領先企業)” award in recognition of our quality community life service and commercial asset operation, and we were recognized as a “2019 Specialized Operational Leading Brand of China Property Services Company (2019 中國物業服務專業化運營領先品牌企業)” by CIA with a brand value of approximately RMB4.0 billion. Please refer to the sub-section entitled “— Awards and Recognition” in this section. In addition, we have been the vice president of the China Property Management Institute since June 2010.

As a result of the synergies among three business lines and our diversified portfolio of managed properties, our business grew rapidly during the Track Record Period. Our revenue increased from approximately RMB658.2 million in 2016 to approximately RMB1,464.5 million in 2018, representing a CAGR of 49.2%, compared to the average CAGR of the Top 100 Property Management Companies of 18.8% for the same period, and further increased by 58.8% from approximately RMB587.7 million in the first half of 2018 to approximately RMB933.3 million in the first half of 2019; our net profit increased from approximately RMB101.4 million in 2016 to approximately RMB296.9 million in 2018, representing a CAGR of 71.1%, compared to the average CAGR of the Top 100 Property Management Companies of 25.6% for the same period and further increased by 108.0% from approximately RMB89.8 million in the first half of 2018 to approximately RMB186.8 million in the first half of 2019.

To standardize our management, increase our shares’ liquidity and promote our corporate image, we listed our shares on the NEEQ in December 2015. Along with the rapid growth of our business in the past years, we plan to further strengthen our corporate governance, raise our brand awareness and broaden our financing channels in the capital market to support our increasing financing needs for our further expansion and enable us to become a modern community life service provider. Considering (i) the high-standard requirements and tight supervisions of corporate governance of the Stock Exchange listed companies and (ii) the recognition and influence of the Stock Exchange in the international capital markets, we delisted our shares from the NEEQ in July 2018 but decided to list our H Shares issued under the Global Offering on the Stock Exchange instead. The Listing will constitute a spin-off from Languang Development, one of our Controlling Shareholders and a joint stock company listed on the Shanghai Stock Exchange, which will give our Group a better platform for our development in property management business instead of being a complementary business to Languang Development’s core business, i.e., property development, and further maximize the share value for our shareholders.



## COMPETITIVE STRENGTHS

We believe that the following competitive strengths have enabled us to achieve a strong position in the property management industry in the PRC and differentiated us from our competitors:

### **A leading player in the property management industry in Southwest China with a fast growth track record**

Since our inception in Chengdu in 2000, through nearly 20 years of operations, we have achieved a leading market position in the property management industry in Southwest China. We were ranked first in 2019 among the Top 100 Property Management Companies in Sichuan Province in terms of overall strength\*, according to CIA. In Southwest China and Sichuan Province, we had a total GFA under management of approximately 41.6 million sq.m. and 33.4 million sq.m., respectively, as of December 31, 2018, which ranked us fourth and first, respectively, among the Top 100 Property Management Companies in China in 2019 in terms of GFA under management, respectively, according to CIA. We were ranked third among the Top 100 Property Management Companies of the Southwest China in 2019 in terms of both revenue and net profit, according to CIA. We were ranked 11th among the Top 100 Property Management Companies in 2019 in China in terms of overall strength\*, according to CIA.

Our extensive industry experience and continuous efforts to expand our business scale and diversify our service scope led to our fast expansion. During the Track Record Period, we achieved rapid business expansion through organic growth as well as mergers and acquisitions. Our GFA under management increased from approximately 24.2 million sq.m. as of December 31, 2016 to approximately 60.6 million sq.m. as of December 31, 2018, representing a CAGR of 58.2%, compared to the average CAGR of the Top 100 Property Management Companies of 16.7% for the same period, and further increased to approximately 63.3 million sq.m. as of June 30, 2019; our revenue increased from approximately RMB658.2 million in 2016 to approximately RMB1,464.5 million in 2018, representing a CAGR of 49.2%, compared to the average CAGR of the Top 100 Property Management Companies of 18.8% for the same period, and further increased by 58.8% from approximately RMB587.7 million in the first half of 2018 to approximately RMB933.3 million in the first half of 2019; our net profit increased from approximately RMB101.4 million in 2016 to approximately RMB296.9 million in 2018, representing a CAGR of 71.1%, compared to the average CAGR of the Top 100 Property Management Companies of 25.6% for the same period, and further increased by 108.0% from approximately RMB89.8 million in the first half of 2018 to approximately RMB186.8 million in the first half of 2019.

We have received various honors and awards in recognition of our industry-leading brand and competitiveness. Since June 2010, we have been the vice president of the China Property Management Institute. In 2019, we received “China Leading Property Management Companies in terms of Characteristic Service (中國特色物業服務領先企業)” award in recognition of our quality community life service and commercial asset operation. We were recognized as a “2019 Specialized Operational Leading Brand of China Property Services Company (2019中國物業服務專業化運營領先品牌企業)” by CIA with a brand value of

\* CIA publishes the Top 100 Property Management Companies on an annual basis, a ranking of property management companies in the PRC in terms of overall strength based on data from the previous year on key factors such as management scale, operational performance, service quality, growth potential and social responsibility. For more information, see “Industry Overview — CIA and its Methodologies” in this prospectus.



approximately RMB4.0 billion. For further details, please refer to the sub-section entitled “— Awards and Recognition” in this section.

We believe that we can leverage our leading market position and brand name in Southwest China and our extensive experience and expertise in the industry to continue capturing opportunities in the PRC property management industry and achieving long-term sustainable growth.

**Standardized operations with advanced information technology to achieve cost effectiveness, scalability and profitability**

In order to provide consistent quality property management services and further strengthen our competitiveness, we have established a standardized operating system, and developed a series of procedures and service standards for our business operations. We believe that standardized operation not only improve our efficiency and service, but also enables us to deliver quality and standardized services to our customers. In 2012, we obtained the quality management system GB/T19001-2008/ISO9001:2008 certification, environmental management system GB/T24001-2004/ISO14001:2004 certification and occupational health and safety system GB/T28001-2001 certification by the China Quality Certification Centre (“CQC”). For different types of properties under management, we have also developed a series of operation instructions on environmental and order maintenance, repair and maintenance of equipment and facilities, customer service and other aspects to satisfy the requirements and standards of all aspects of property management. In addition, to meet needs and preferences of different customer groups, we have divided our property management services into four categories, namely, “Quality Service,” “Hotel Service,” “Butler Service” and “Golden Butler Service,” and formulated standards for each service category. For details on these four service categories, please refer to the sub-section entitled “— Property Management Services — General Scope of Our Property Management Services” in this section. As of June 30, 2019, we had developed 686 standards/systems for the management, operation and service provision.

In addition, we believe that application of digitalization and automation in our operation is of vital importance to our business development and competitiveness. We have established “centralized management center (管理駕駛艙),” “ECM system,” “single soldier system (單兵系統)” and “smart inspection system (智慧巡檢系統)” to build a nationwide remote data and video surveillance command center, which has greatly improved our management efficiency. Taking into account the characteristics of the traditional property management model of “multi-projects, cross-regional and multi-businesses,” we independently developed the centralized management center, which is a “property management core business system” that integrates the functions of property management, project operation, finance, human resources management and customer relations management. This system can collect real-time business management data and perform intelligent analysis based on the data management analysis model. As of June 30, 2019, the centralized management center had covered all our projects under management. Our self-developed ECM system mainly collects the operating status information of power distribution, water supply and other equipment through data interfaces and various sensors, and transmits data to the cloud platform for processing and presentation through network devices. The ECM system guides our business operations through data processing and analysis, so that managers can detect and solve equipment malfunctions in a timely manner, which effectively improves the service life of our equipment. In addition, we have adopted mechanized and automatic management for each property under our management, and

gradually promoted the use of safe balance patrol vehicles, electric sweepers, unmanned patrol drones and other equipment in the managed projects to improve service offerings and reduce our reliance on labor.

As a result of these efforts and measures, we have successfully improved our overall operational efficiency, enhanced our organizational structure and reduced our operating costs. In 2018, our operating cost ratio, being costs of sales divided by total revenue, was approximately 66.8%, which was lower than the average operating cost ratio of 76.4% of the Top 100 Property Management Companies in China in the same year, according to CIA.

### **Integrated one-stop service platform to enhance customers' living experience**

Leveraging our nearly 20 years' experience in residential property and community commercial property management, we developed and established the internet-based "Life Pro Service System" in 2015 that integrates online and offline services to improve user experience and promote consumption upgrade. We have launched a one-stop service platform — "Justbon Life Pro (嘉寶生活家)" cloud platform, and two terminal service products — "Justbon Life Pro (嘉寶生活家)" and "Employee Life Pro (員工生活家)" mobile applications to actively explore and develop the industrial internet business model.

The "Justbon Life Pro (嘉寶生活家)" cloud platform is an operation platform that collects, organizes and responds to information and data on customer needs, service provision and management, and business decision-making in the property management and community value-added services. In terms of business operation and management, smart management can significantly reduce our operating costs. For example, through the automatic identification of license plates, fee collection by scanning the QR code, remote monitoring and management, our smart parking system helps not only improve the traffic efficiency of the parking lot and facilitate passage of the customers, but reduce labor costs and increase profit. We had upgraded the parking lots under our management since December 2016 and completed such upgrade on 70 parking lots by June 30, 2019.

In terms of property services, the "Justbon Life Pro (嘉寶生活家)" mobile application provides more convenient and efficient community living experience to our property owners and residents. Our "Justbon Life Pro (嘉寶生活家)" mobile application integrates ten features in the property management service, namely, one-click door opening (一鍵開門), online payment (在線繳費), online repair and maintenance request (在線報修), community notices (小區公告), contact butler (專屬管家), package delivery and receipt (我的郵包), service feedback (投訴表揚), visitor invitation (訪客邀請), home security (居家安防) and neighbourhood social activity (鄰里社交) to integrate the online and offline property management services in our managed communities. For example, through the repair and maintenance feature of "Justbon Life Pro (嘉寶生活家)" mobile application, users can request repair service by uploading photos to the mobile application through users' accounts and staff of our maintenance department will then compete to respond to the requests online through the employees' accounts; later, users may make online appointments for on-site service with the maintenance personnel who will sign in upon arrival, and can review online after the service is completed. On the one hand, customers are able to get timely and better service as a result of the internal competition of our service personnel. On the other hand, through the statistics of our data platform, the performance of our employees can be directly linked to their salaries and bonuses. In addition, in terms of our community value-added service function, "Justbon Life Pro (嘉寶生活家)" mobile application has created service resources such as organic grain and oil (生態糧油), barrelled water delivery service (送水上門), travelling (旅遊出行), housekeeping service (家政服務), express delivery (快遞收寄) and other services based on the needs of our managed community. At the same time, we cooperated with various vendors to meet property owners' growing service needs including

community retail, turnkey and move-in furnishing (拎包入住), residential property agency, and home security services, which brings convenience to our property owners, promotes consumption upgrade through service upgrade, creates more business opportunities for our partners and achieves a win-win result. In addition, we established our first offline Life Pro Experience Center (生活家體驗中心)—Languang Yufu Huadu Experience Center (藍光·御府花都體驗中心) in Chengdu in November 2015. The experience center in the community mall not only provides offline shopping experience of products, but also provides online shopping experience via QR code scan and “Justbon Life Pro (嘉寶生活家)” mobile application. As of June 30, 2019, “Justbon Life Pro (嘉寶生活家)” mobile application had attracted a total number of over 714 thousand registered users, the cumulative installation and use of the mobile application had covered more than 400 projects across China, and 126 experience centers had been opened. The transaction volume on the “Justbon Life Pro (嘉寶生活家)” mobile application increased from approximately RMB251.8 million in 2017 to approximately RMB506.9 million in 2018. In the first half of 2019, the transaction volume on the “Justbon Life Pro (嘉寶生活家)” mobile application reached approximately RMB335.5 million.

**Synergistic effects among three business lines, together with a diversified portfolio of managed properties, leading to various operating revenue and growth opportunities**

In addition to providing traditional property management services, we have developed two related businesses, namely, consultancy services and community value-added services. Our consultancy service business helps us form business cooperation relationships with property developers in the early stages of their property development projects, granting us a competitive edge when competing for potential engagements in property development projects. Our community value-added services get developed by benefiting from the wide customer base established upon our traditional property management service business. In the meanwhile, various products and services in our community value-added services enhance the customer satisfaction and loyalty for our overall property management services, which include the traditional services, and we believe it further helps to improve the market acceptance of the higher property service fees that we charged when we renewed certain property management agreements. Our diversified businesses have generated diversified sources of income.

In addition, we believe the followings have also enabled us to compete effectively:

- ***Diversified types of managed properties.*** In addition to residential properties, we have endeavoured to diversify our property management projects to cover commercial properties, office buildings and industrial parks. As an early entrant in commercial property management since 2002, we have provided professional services for various types of commercial properties, including professional markets, street malls and multi-purpose complexes, and built a number of commercial property management landmarks including Golden Lotus (金荷花), Yulin Life Plaza (玉林生活廣場), Blue Caribbean Plaza (藍色加勒比廣場) and Kunlun Center (昆侖中心). After 17 years of operation, we have accumulated extensive experience and broad market recognition in product positioning, business planning, investment promotion and sales, asset management, commercial operation for our commercial property management services. We have also provided property management services to an increasing variety of non-residential properties, such as office buildings and industrial parks. As of June 30, 2019, we had 62 non-residential property projects under management, with a total GFA of approximately 3.3 million sq.m. Our GFA under management of

non-residential properties grew at a CAGR of 17.2% from December 31, 2016 to December 31, 2018, and further increased by 7.9% to approximately 3.3 million sq.m. as of June 30, 2019.

- **Strong business development capabilities.** Our proven track record of business cooperation with our Controlling Shareholder, Languang Group, has enabled us to benefit from its extensive and large project reserve. Meanwhile, we have been making continuous efforts to explore cooperation opportunities with third-party property developers to enhance our competitiveness. We actively cooperate with property developers to create value for the industrial chain and achieve premium in products, sales and brand value. As of June 30, 2019, we had established cooperation with more than 110 property developers. Among such property developers, 37 third-party property developers had established strategic partnerships with us, which expectedly will benefit us from their project resources of more than 38.3 million sq.m. in the next three years. Our strong business development capabilities are also evidenced by the increase in our business scale and revenue during the Track Record Period. As of December 31, 2018, the number of projects under our management and developed by third-party property developers reached 264, representing a CAGR of 182.8% from those as of December 31, 2016, and further increased to 274 as of June 30, 2019. Our GFA under management for properties developed by third-party property developers grew rapidly at a CAGR of 147.4% to approximately 33.8 million sq.m. as of December 31, 2018 from approximately 5.4 million sq.m. as of December 31, 2016, and further increased to approximately 36.1 million sq.m. as of June 30, 2019. As of June 30, 2019, our total GFA under management from third-party property developers accounted for 57.1% of our total GFA under management. For the six months ended June 30, 2019, our total revenue from properties developed by third-party property developers accounted for 37.3% of our total revenue for the same period.

We believe that the multiple business lines and diversified property management portfolio will bring us widespread and stable sources of revenue, enabling us to react to market demand quickly and seize new market opportunities in a timely manner.

#### **Experienced management team and effective staff development and motivation mechanism**

Our professional management team and skilled personnel are critical to our success. Through years of staff trainings and selections, we have established an experienced management team. Our senior management has in-depth understanding of the property management industry and outstanding professional capability, with an average of more than 20 years' experience in the property management industry and more than ten years of management experience. Our Chairman, Mr. Yao Min, is the vice president of China Property Management Association, a research fellow at the Industry Development Research Center of China Property Management Association (中國物業管理行業發展研究中心), and the deputy director of the Standardization Working Committee of China Property Management Institute (中國物業管理協會標準化工作委員會). He has more than 20 years of experience in the property management industry. Since joining us in 2005, he has served as the deputy general manager and executive deputy general manager of Languang Building Co., Ltd., and the assistant president, vice president, executive vice president, president and chairman of our Company.

We focus on cultivating talents and have developed Languang Justbon Training College (藍光嘉寶培訓學院), through which we have built a tiered training system by clarifying staff's business skills, positions, and organizations to cultivate and train industry talents with "delicate management and professional proficiency (管理精細、專業精通)," and in turn provide strong talent and organizational support to our strategic reform and goals. We conduct annual systematic talent trainings for employees of different positions and levels through internal trainings, external learning, on-the-job academic qualification improvement, rotation, assignments, high-end enterprise forums, and visiting benchmarking companies. All of our new joiners are required to attend our pre-job trainings. In addition, we have built an online learning platform and recorded hundreds of online video courses to provide further trainings to our employees.

We have also established a competitive, multi-level incentive system with extensive coverage, including equity incentive (e.g., restricted shares to our senior management), incentive compensation (e.g., extra bonus to management team of our regional companies based on the profits exceeding the original target), partner mechanism (e.g., extra bonus and awards granted to management team of project companies who have more autonomy in daily operation and whose benefits are closely linked with the financial performance of the project companies), co-investments in acquired companies mechanism (e.g., equity interest held by senior management of our Group in acquired companies). Through this system, we provide incentives to our employees by ensuring that their compensation is tied to their performance, so as to stimulate their enthusiasm and creativity and motivate them to be performance-oriented, further helping achieve our goals and creating values for us and our shareholders.

### **BUSINESS STRATEGIES**

We strive to become a leading community life service provider and commercial property service provider in China. To achieve this goal, we intend to implement the following strategies:

#### **Further expand our business scales and increase market shares**

Leveraging our brand awareness, market position, comprehensive service system, quality service and other strengths, we plan to further expand our business scale and market share in order to solidify and continuously enhance our competitiveness and market position.

Besides taking advantage of our existing business relationships with Languang Group, our existing business coverage and brand value, we strive to secure new engagements from third-party property developers to achieve organic growth and business expansion. We also plan to actively explore and pursue opportunities to expand our business scale, strengthen our market position in Southwest China, bolster our geographic presence across China and increase our market share in the East and South China, the Bohai Economic Rim and the Guangdong-Hong Kong-Macau Great Bay Area through strategic investment in, cooperation with and/or acquisition of other property management service providers. We intend to acquire property management companies with good corporate credit, an annual revenue of over RMB50.0 million or GFA under management of over 3.0 million sq.m. and whose managed projects mainly include residential and/or public construction projects. In order to diversify our property management portfolio and revenue sources, we also plan to continue to pursue opportunities to provide comprehensive property management services to the growing non-residential properties, such as commercial properties, industrial parks, office buildings and schools. In addition, we plan to further improve our existing community value-added services and continuously develop new value-added services.



**Continue to develop high-tech intelligent property management services, strengthen smart management and digitalization, upgrade the “Life Pro Service System (生活家服務體系)” and further reduce operating costs and improve profitability**

According to CIA, the market size of China’s community value-added services reached approximately RMB922.1 billion in 2018. It is expected that by 2025, the market size of China’s community value-added services business will reach approximately RMB1.8 trillion. We plan to continuously devote more resources to research and development, optimize our existing products and technologies, strengthen the research and development of new products and technologies, and further improve our data collection, organization and analytical ability to upgrade “Life Pro Service System (生活家服務體系).”

In addition, we will strive to optimize information communication and resource allocation through the comprehensive application of intelligence in operation management and service provision to further reduce our operating costs and improve profitability. In particular, we plan to further develop our information system, improve the front-, middle- and back-office systems, establish a large database to realize comprehensive information-based connection of people, finance and materials, and promote IOT- and AI-based upgrade of our system.

**Further develop the “Life Pro Alliance Ecosystem (生活家聯盟生態圈),” introduce strategic partners, and promote cooperation to achieve win-win**

Guided by the philosophy of “co-founding the alliance, sharing the platform, and achieving a win-win result in the future (共創聯盟，共享平台，共贏未來),” and supported by big data, the “Life Pro Cloud Platform (生活家雲平台)” and “Life Pro Service System (生活家服務體系),” we plan to cooperate closely and efficiently with the enterprises, vendors and customers within our network of services. We plan to form close cooperation with strategic alliances, enterprise alliances and merchant alliance partners through various cooperation methods including equity investment, and further integrate the industry resources to build a big platform development mode of the “Life Pro Alliance Ecosystem (生活家聯盟生態圈).” We believe that such development mode could enable all alliance members of the platform share the platform, create value for all members and achieve win-win.

Since 2015, we have established a strategic partner alliance network including, among others, platform service providers and a business alliance network of reputable property management companies. Furthermore, we have developed hundreds of vendor alliance partners. We plan to continuously introduce partners into the “Life Pro Alliance Ecosystem” and strengthen the platform’s resource integration capability to further promote the cooperation and win-win situation for all participants.

**Further improve and optimize the human resources training and incentive mechanism**

We attach great importance to our “talent-first” strategy. On the one hand, we will keep actively recruiting talents that meet our internal requirements to form a team of young, professional, knowledgeable and well-rounded talents. On the other hand, we will develop our unique training system featuring “multiple levels, clear focus, full coverage, high efficiency and low cost” with a view to cultivating talents tailored for our needs and supporting our business development. We will focus on trainings for key personnel, positions and capabilities in our operation and development. In addition, we plan to continuously optimize and improve the incentive mechanism, further upgrade our existing model by enhancing our share option scheme, partner mechanism and investment mechanism to promote capital return and employee stock ownership plan with a view to developing an incentive scheme that motivates all of our employees to achieve our corporate goals and propell our growth.

## BUSINESS

### OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from three business lines.

Property Management Services	We provide property developers, as well as property owners and residents with a wide range of property management services, including, among others, security, cleaning, greening and gardening, repairs and maintenance services. Our portfolio of managed properties comprises (i) residential properties and (ii) non-residential properties (including shopping malls, office buildings, industrial parks and hotels). We collect property management fees for such services. During the Track Record Period, substantially all of our property management fees were charged on a lump sum basis, with only a very small portion charged on a commission basis.
Consultancy Services	We also offer consultancy services to property developers, property owners and other property management companies, which include (i) preliminary planning and design consultancy services for property development projects; (ii) sales assistance services which assist property developers in showcasing and marketing their properties, display unit cleaning, security and maintenance, visitor management, as well as engineering entrusted maintenance; (iii) home inspection services to property developers and property owners after the construction has been completed and the property has been delivered to the property owners; and (iv) on-site consultation and advice to selected local property management companies, enabling them to deliver better services to their clients, and leveraging our industry-recognized expertise and reputation. We collect consultancy fees for such services.
Community Value-added Services	Our community value-added services aim to provide property owners and residents with access to a wide range of products and services through a variety of channels (including our one-stop service platform) with the goal of improving their life quality and preserving and increasing the value of their properties. We divide these services into four categories: (i) resident services, which focus on the daily needs of property owners and residents, such as property maintenance and repair, housekeeping and cleaning, decoration, turnkey and move-in furnishing services, agency services, home security services and public resources administration services, either during the course of providing our basic property management services or through our one-stop service platform; (ii) residential property agency services; (iii) commercial property management and operation services; and (iv) advertisement.



## BUSINESS

We believe that our property management business serves as the basis for us to generate revenue and provide an increasing customer base for our community value-added services. Our consultancy business helps us establish and cultivate business relationships with property developers in the early stages of property development projects, granting us a competitive advantage when competing for potential engagement in property management services. Our community value-added service business, through the offer of diversified products, enhances the satisfaction and loyalty of our customers and improves the market acceptance of our brand and services. The synergies among our three business lines help us diversify our revenue streams and capture new market opportunities.

To integrate our three business lines, expand the reach of our offline services and enhance customer experience, we developed a one-stop service platform. Please refer to the sub-section entitled “— Our One-stop Service Platform and ‘Justbon Life Pro (嘉寶生活家)’ Mobile Application” in this section.

The table below sets forth a breakdown of our total revenue by each business line for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Property management services . . . . .	381,815	58.0	579,015	62.7	899,818	61.4	398,476	67.8	548,833	58.8
Consultancy services . . .	149,340	22.7	162,355	17.6	231,447	15.8	64,219	10.9	190,996	20.5
Community value-added services . . . . .	127,067	19.3	181,928	19.7	333,193	22.8	125,005	21.3	193,434	20.7
<b>Total . . . . .</b>	<b>658,222</b>	<b>100.0</b>	<b>923,298</b>	<b>100.0</b>	<b>1,464,458</b>	<b>100.0</b>	<b>587,700</b>	<b>100.0</b>	<b>933,263</b>	<b>100.0</b>

### PROPERTY MANAGEMENT SERVICES

#### Overview

We have been providing property management services in China since 2000. Our total GFA under management was approximately 24.2 million sq.m., 44.0 million sq.m., 60.6 million sq.m. and 63.3 million sq.m., respectively, as of December 31, 2016, 2017 and 2018 and June 30, 2019. Revenue generated from property management services amounted to approximately RMB381.8 million, RMB579.0 million, RMB899.8 million and RMB548.8 million, respectively, in 2016, 2017, 2018 and the six months ended June 30, 2019, representing approximately 58.0%, 62.7%, 61.4% and 58.8%, respectively, of our total revenue during the same periods.

The table below sets forth a breakdown of the number of projects and the total GFA under management as of the dates indicated, and the revenue generated from property management services to properties developed by Languang Group and third-party property developers for the periods indicated.

	As of or for the year ended December 31,						As of or for the six months ended June 30,					
	2016			2017			2018			2019		
	No. of Projects	GFA (sq.m.)	Revenue (RMB) (%)	No. of Projects	GFA (sq.m.)	Revenue (RMB) (%)	No. of Projects	GFA (sq.m.)	Revenue (RMB) (%)	No. of Projects	GFA (sq.m.)	Revenue (RMB) (%)
Languang Group <sup>(1)</sup>												
Preliminary Stage <sup>(2)</sup>	88	15,318	271,630	71.2	119	20,501	334,212	57.7	140	23,263	433,127	48.2
Property Owners' Association Stage <sup>(3)</sup>	15	3,506	52,827	13.8	20	3,539	62,065	10.7	21	3,553	60,621	6.7
Subtotal	103	18,824	324,457	85.0	139	24,040	396,277	68.4	161	26,816	493,748	54.9
Third-party property developers <sup>(4)</sup>												
Preliminary Stage <sup>(2)</sup>	19	3,919	24,477	6.4	64	9,605	100,288	17.3	129	18,971	222,210	24.7
Property Owners' Association Stage <sup>(3)</sup>	14	1,441	32,881	8.6	96	10,342	82,450	14.3	135	14,839	183,860	20.4
Subtotal	33	5,360	57,358	15.0	160	19,947	182,738	31.6	264	33,810	406,070	45.1
<b>Total</b>	<b>136</b>	<b>24,184</b>	<b>381,815</b>	<b>100.0</b>	<b>299</b>	<b>43,987</b>	<b>579,015</b>	<b>100.0</b>	<b>425</b>	<b>60,626</b>	<b>899,818</b>	<b>100.0</b>
										<b>436</b>	<b>63,312</b>	<b>548,833</b>
												<b>100.0</b>

Notes:

- (1) Includes projects solely developed by Languang Group and properties that Languang Group jointly developed with other property developers for which properties Languang Group held a controlling interest.
- (2) Includes contracts signed with property developers for preliminary property management services.
- (3) Includes contracts signed with owners' associations and single owners.
- (4) Includes properties developed by Independent Third Party developers, as well as properties developed by joint ventures and associates of Languang Development.

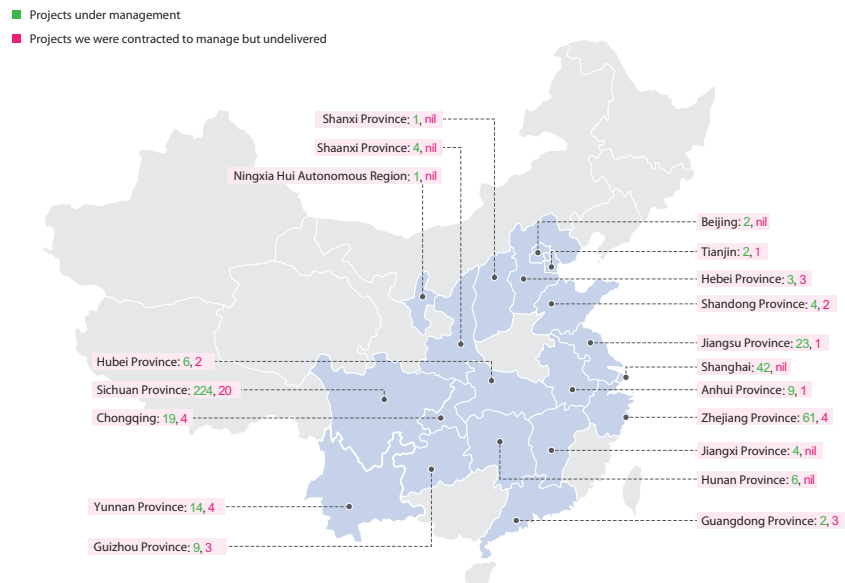
## BUSINESS

Based on the confirmation our Company obtained from Languang Development, Languang Development engaged our Group to provide property management services for all the properties it developed and delivered during the Track Record Period. According to our internal records, the GFA under our management obtained through new service engagements for properties developed and delivered by Languang Group through Languang Development was approximately 1.5 million sq.m., 5.2 million sq.m., 2.8 million sq.m. and 0.4 million sq.m., in 2016, 2017, 2018 and the six months ended June 30, 2019, respectively.

### Geographic Coverage

Since the commencement of our business in 2000 in Chengdu, we have expanded our geographic presence to 69 cities in the PRC as of June 30, 2019. As of June 30, 2019, we had a total of 436 projects under management and 48 projects were contracted to manage but undelivered.

The map below illustrates the cities in which the projects were under our management and the projects we were contracted to manage but undelivered, and the number of projects in each of these cities as of June 30, 2019.



## BUSINESS

The table below sets forth a breakdown of our total GFA under management by geographic region as of the dates indicated, and the revenue generated from property management services by geographic region as well as their respective percentage of our total revenue generated from property management services for the periods indicated.

	As of or for the year ended December 31,									As of or for the six months ended June 30,		
	2016			2017			2018			2019		
	GFA		Revenue	GFA		Revenue	GFA		Revenue	GFA		Revenue
	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)
(in thousands, except for percentages)												
Sichuan Province . . . . .	18,384	314,652	82.4	24,069	418,973	72.4	33,368	535,826	59.5	34,188	328,205	59.8
East and South China <sup>(1)</sup> . . . . .	1,276	8,952	2.4	13,465	67,099	11.6	15,720	198,625	22.1	17,231	110,486	20.1
Southwest China (excluding Sichuan Province) <sup>(2)</sup> . . . . .	3,840	51,956	13.6	4,713	73,693	12.7	8,214	120,711	13.4	8,421	73,440	13.4
Central and North China <sup>(3)</sup> . . . . .	684	6,255	1.6	1,740	19,250	3.3	2,723	44,631	5.0	2,881	35,765	6.5
Others <sup>(4)</sup> . . . . .	—	—	—	—	—	—	601	25	0.0	600	937	0.2
<b>Total</b> . . . . .	<b>24,184</b>	<b>381,815</b>	<b>100.0</b>	<b>43,987</b>	<b>579,015</b>	<b>100.0</b>	<b>60,626</b>	<b>899,818</b>	<b>100.0</b>	<b>63,312</b>	<b>548,833</b>	<b>100.0</b>

**Notes:**

- (1) East and South China mainly includes Zhejiang Province, Jiangsu Province, Shanghai, Guangdong Province, Anhui Province and Shandong Province.
- (2) Southwest China mainly includes Yunnan Province, Guizhou Province, Sichuan Province and Chongqing.
- (3) Central and North China mainly includes Beijing, Tianjin, Hebei Province, Hubei Province, Jiangxi Province, Hunan Province and Shanxi Province.
- (4) Others include Ningxia Hui Autonomous Region and Shaanxi Province.

Our contracted GFA of undelivered properties for which we have entered into preliminary property management agreements with relevant property developers was approximately 5.7 million sq.m., 7.2 million sq.m., 6.8 million sq.m. and 9.3 million sq.m. as of December 31, 2016, 2017 and 2018 and June 30, 2019, respectively.

The table below sets forth the expiration schedule of our property management agreements as of June 30, 2019.

	Contracted GFA (in thousands, sq.m.)	Number of agreements
<b>Property management agreements without fixed term<sup>(1)</sup></b> . . . . .	57,405	331
<b>Property management agreements with fixed terms expired on/expiring in</b>		
June 30, 2019 . . . . .	881	6
Six months ending December 31, 2019 . . . . .	4,072	34
Year ending December 31, 2020 . . . . .	6,288	54
Year ending December 31, 2021 and beyond . . . . .	10,045	59
<b>Subtotal</b> . . . . .	<b>21,286</b>	<b>153</b>
<b>Total</b> . . . . .	<b>78,691</b>	<b>484</b>

## BUSINESS

*Note:*

- (1) Generally, agreements without fixed terms will terminate once a property owners' association has been set up and a new property management service agreement between such property owners' association and a property management company becomes effective. In addition, during the Track Record Period, our Group had continued to provide services to property developers, owners and residents pursuant to certain fixed-term agreements after the expiration of such terms. As advised by our PRC Legal Advisor, JunHe LLP, these agreements would have become agreements without fixed terms at expiration, terminable by (i) us, (ii) the property owners' association, or (iii) the majority of property owners, provided that they also own more than 50% of the aggregate GFA of the relevant community at issue, at any time.

The property management fees expected to be collected pursuant to all the property management agreements as of June 30, 2019 (excluding the agreements without fixed term) are approximately RMB237.6 million, RMB339.1 million and RMB200.7 million in the six months ending December 31, 2019 and the years ending December 31, 2020 and 2021, respectively\*.

According to the 2018 annual report of Languang Development, Languang Development expects to complete 4.0 million sq.m. in 2019. We are planning to bid for property management services for all of such properties and expect to keep the tender success rate at the historical level of 100%. Assuming (i) all such completed GFA will be delivered and our property management services will be provided for all such GFA evenly through the same year, and (ii) the average property management fees charged for properties to be delivered by Languang Group remains the same as in 2018, the management fees expected to be collected from property management services for properties to be delivered by Languang Group through Languang Development in 2019 will be approximately RMB62.4 million. Such estimate was made based on a number of assumptions and is subject to uncertainties and changes.

The table below sets forth the expiration schedule of the property management agreements for properties developed by Languang Group as of June 30, 2019.

	<u>Contracted GFA</u> (in thousands, sq.m.)	<u>Number of agreements</u>
<b>Property management agreements without fixed term<sup>(1)</sup></b> .....	28,656	158
<b>Property management agreements with fixed terms expired on/expiring in</b>		
June 30, 2019 .....	359	2
Six months ending December 31, 2019 .....	272	2
Year ending December 31, 2020 .....	1,018	5
Year ending December 31, 2021 and beyond .....	1,336	6
<b>Subtotal</b> .....	2,985	15
<b>Total</b> .....	<b>31,641</b>	<b>173</b>

\* The property management fees expected to be collected for the six months ending December 31, 2019 and the years ending December 31, 2020 and 2021 were calculated as the summation of the product of the contracted GFA as of June 30, 2019 and the average property management fee in the six months ended June 30, 2019 multiplied by the number of remaining months for the respective year for each property management agreement. The calculation is based on a number of assumptions, such that all these agreements will not be terminated prior to their respective termination dates as provided in such agreements, and are subject to changes.

*Note:*

- (1) Generally, agreements without fixed terms will terminate once a property owners' association has been set up and a new property management service agreement between such property owners' association and a property management company becomes effective. In addition, during the Track Record Period, our Group had continued to provide services to property developers, owners and residents pursuant to certain fixed-term agreements after the expiration of such terms. As advised by our PRC Legal Advisor, JunHe LLP, these agreements would have become agreements without fixed terms at expiration, terminable by (i) us, (ii) the property owners' association, or (iii) the majority of property owners, provided that they also own more than 50% of the aggregate GFA of the relevant community at issue, at any time.

### **General Scope of Our Property Management Services**

We focus on providing property management services for both residential and non-residential properties, such as security, cleaning, greening and gardening, and repair and maintenance services to property owners, residents and property developers. The property management services we provide can be divided into the following categories:

- *Security services.* We endeavor to provide quality security services to ensure that the properties we manage are safe and secured. We seek to enhance the quality of our security services through equipment upgrades. Our daily security services include patrolling, electronic access control, video surveillance, carpark security, fire safety management, visitor management and emergency response. We delegate certain security services to third-party sub-contractors. We also provide a comprehensive smart home security system comprising smart lock, video surveillance, infrared detector and other intelligent devices to monitor the residential property, prevent theft, burglary and fire, and promote healthy living.
- *Cleaning, greening and gardening services.* We provide general cleaning, garbage cleaning, pest control, greening and gardening services to the properties we manage through our subsidiaries and third-party sub-contractors.
- *Repair and maintenance services.* We are generally responsible for the maintenance of (i) common area facilities such as lifts, escalators and central air conditioning facilities; (ii) fire and safety facilities, such as fire extinguishers and fire alarm system; (iii) security facilities such as entrance gates control and surveillance cameras; and (iv) utility facilities such as electricity generator, power distribution equipment, water pump room, water supply and drainage systems. We provide certain repair and maintenance services through our subsidiaries and third-party sub-contractors.

As of June 30, 2019, we employed 9,852 on-site personnel to provide property management services and engaged 200 selected sub-contractors to provide certain property management services, mainly including cleaning, greening and gardening, repair and maintenance services.



## BUSINESS

We adopt four types of service models to our managed residential communities, including “Quality Service,” “Hotel Service,” “Butler Service” and “Golden Butler Service” in order to provide comprehensive and customized on-site services to property owners and residents in addition to our standard property management services. These four types of service models are targeted at mid-end, mid- to high-end, villa and high-end properties respectively, with different requirements for experience and qualifications of butlers, working hours and language for our butler services. The following are brief descriptions of such four types of services:

- *Quality Service:* our Quality Service is designed for mid-end residential properties staffed with butlers with over three years of large-scale property management experience to provide quality services. Based on the service standards prescribed in the property management agreements, we shall arrange butlers with great hospitality to the property owners and residents;
- *Hotel Service:* our Hotel Service is designed for mid- to high-end residential properties staffed with butlers with over five years of large-scale property management experience to provide tailored and personalized services to meet the needs for property owners and residents. Based on standard property management and hotel-style services, we provide dedicated and comprehensive care to ensure the satisfaction of our property owners and residents;
- *Butler Service:* our Butler Service is designed for villa properties staffed with butlers with over eight years of experience to provide 16-hour daily services with home-like experience to property owners and residents;
- *Golden Butler Service:* our Golden Butler Service is designed for high-end properties staffed with butlers who have been certified by international golden key alliance to provide personalized, customized, super five-star customer services and pleasant living experience to accommodate customers’ choices.

### **Type of Property under Management**

We manage a diversified portfolio of properties, comprising (i) residential properties and (ii) non-residential properties, including shopping malls, office buildings, industrial parks and hotels. While residential properties have generated and will continue to generate the majority portion of our revenue, we endeavor to diversify our portfolio of properties under management by contracting to manage non-residential properties.

The table below sets forth a breakdown of our total GFA under management by types of property as of the dates indicated, and revenue generated from our property management services by type of property as well as their respective percentage of our total revenue generated from property management services for the periods indicated.

## BUSINESS

	As of or for the year ended December 31,									As of or for the six months ended June 30,		
	2016			2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)
	(in thousands, except for percentages)											
Residential properties . . . . .	22,321	312,338	81.8	41,434	488,458	84.4	57,522	802,015	89.1	59,963	514,381	93.7
Non-residential properties . . . . .	1,863	69,477	18.2	2,553	90,557	15.6	3,104	97,803	10.9	3,349	34,452	6.3
<b>Total . . . . .</b>	<b>24,184</b>	<b>381,815</b>	<b>100.0</b>	<b>43,987</b>	<b>579,015</b>	<b>100.0</b>	<b>60,626</b>	<b>899,818</b>	<b>100.0</b>	<b>63,312</b>	<b>548,833</b>	<b>100.0</b>

### Property Management Fees

The revenue generated from our property management services was primarily charged on a lump sum basis during the Track Record Period. We also generated a limited amount of revenue from property management services on a commission basis during the Track Record Period. Our property management revenue generated from services charged on a lump sum basis accounted for approximately 99.4%, 98.6%, 98.8% and 99.1%, respectively, of our total revenue from property management services in 2016, 2017, 2018 and the six months ended June 30, 2019. Our property management revenue generated from services charged on a commission basis accounted for approximately 0.6%, 1.4%, 1.2% and 0.9%, respectively, of our total revenue from property management services for the same periods.

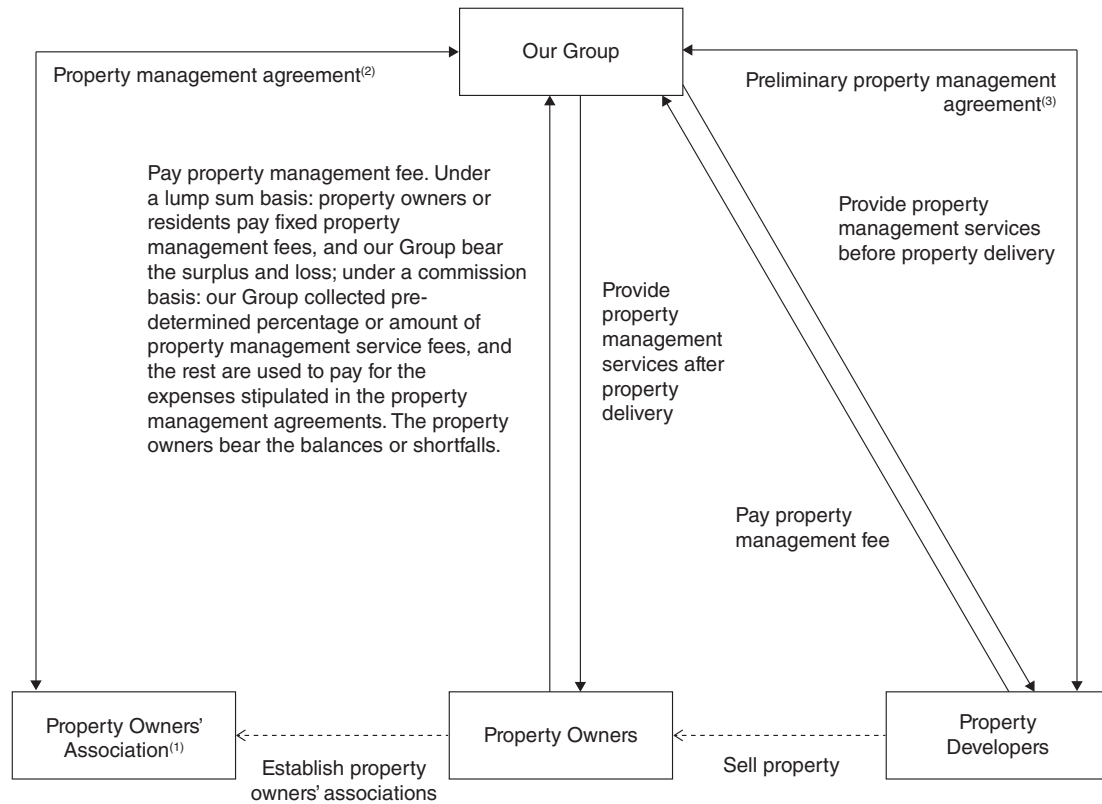
The following table sets forth a breakdown of our total GFA under management by fee charge model as of the dates indicated, and revenue generated from property management services by fee charge model as well as their respective percentage of our total revenue generated from our property management services for the periods indicated.

	As of or for the year ended December 31,									As of or for the six months ended June 30,		
	2016			2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)
	(in thousands, except for percentages)											
Lump sum basis . . . . .	22,050	379,533	99.4	40,471	570,720	98.6	56,436	889,458	98.8	58,865	544,140	99.1
Commission basis . . . . .	2,134	2,282	0.6	3,516	8,295	1.4	4,190	10,360	1.2	4,447	4,693	0.9
<b>Total . . . . .</b>	<b>24,184</b>	<b>381,815</b>	<b>100.0</b>	<b>43,987</b>	<b>579,015</b>	<b>100.0</b>	<b>60,626</b>	<b>899,818</b>	<b>100.0</b>	<b>63,312</b>	<b>548,833</b>	<b>100.0</b>

We take into account a number of factors in determining whether to charge fees under a lump sum basis or a commission basis, including local regulations, requirements of property developers or property owners' associations, local market conditions and the nature and requirements of individual properties on a case-by-case basis. We conduct assessments of our prospective customers by evaluating key factors such as the estimated costs of managing the property, historical fee collection rates, projected profitability, fee rates charged by competitors as well as whether the property was previously managed under a lump sum basis or a commission basis. The assessment helps us determine whether to manage the property under a lump sum basis or a commission basis.

## BUSINESS

The diagram below illustrates our relationships with various parties under our property management agreements and the major differences between managing properties under a lump sum basis and a commission basis.



### Notes:

- (1) A property owners' association is authorized by law to act on behalf of the property owners.
- (2) A property management agreement entered between a property owners' association and us is legally binding on all property owners in accordance with applicable PRC laws.
- (3) A preliminary property management agreement entered between a property developer and us before the properties are delivered to property owners is legally binding on the future property owners in accordance with applicable PRC laws.

### **Property Management Fees Charged on a Lump Sum Basis**

Under a lump sum basis contract, we charge a pre-determined property management fee per sq.m. of GFA under management on a monthly basis which represents "all-inclusive" fees for all of the property management services provided by us and our sub-contractors. We are entitled to retain the full amount of property management fees received from property owners, residents and property developers.

We bear the costs of managing properties, and recognize such costs as our cost of sales, which include expenses associated with staff directly providing property management services, maintenance and repair of common areas, facilities management, cleaning and garbage disposal and security. As a result, reducing the costs incurred in the provision of management services to a property has a direct impact on our profitability. If the amount of property management fee we collect during the term of a contract is not sufficient to cover all the expenses incurred, we are not entitled to request property owners and residents or property developers to pay us the shortfall. During the Track Record Period, we incurred loss in an aggregate amount of approximately RMB10.6 million, RMB14.4 million, RMB13.8

million and RMB9.6 million, respectively, with respect to 31, 80, 98 and 80 projects, respectively, which were managed on a lump sum basis in 2016, 2017, 2018 and the six months ended June 30, 2019. The losses incurred with respect to such properties managed on a lump sum basis were primarily due to the relatively large costs incurred at the early stage of our management of such properties. The aggregate revenue generated from such loss-making properties was approximately RMB27.0 million, RMB45.0 million, RMB86.6 million and RMB48.5 million, respectively, for 2016, 2017, 2018 and the six months ended June 30, 2019, representing approximately 4.1%, 4.9%, 5.9% and 5.2%, respectively, of our total revenue for the same periods. For more information, please refer to the section entitled “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to losses and our profit margins may decrease if we fail to control our costs in performing our property management services on a lump sum basis” of this prospectus. We have established various internal measures to reduce costs and prevent or reduce such shortfalls. To reduce costs, we have implemented digitalization, procedure standardization and operation automation of our services. Please refer to the sub-section entitled “— Standardized Operation, Digitalization and Information Technology, and Operation Automation” in this section.

***Property Management Fees Charged on a Commission Basis***

During the Track Record Period, we derived revenue from a limited number of property management contracts on a commission basis. Our revenue generated from property management contracts on a commission basis represented approximately 0.6%, 1.4%, 1.2% and 0.9%, respectively, of the total revenue from property management services in 2016, 2017, 2018 and the six months ended June 30, 2019. On a commission basis, we recognize as revenue a predetermined property management commission fee generally representing 5% to 15% of the property management fees payable by property owners, residents and property developers, while the remainder of such management fees are used as working capital to cover the property management expenses we incur.

When we charge property management fees on a commission basis, we essentially act as an agent to the property owners and residents. Since the management offices of these communities have no separate bank accounts, all transactions related to these management offices are settled through our treasury function. As at the end of a reporting period, if the working capital of a management office accumulated in our treasury function is insufficient to cover the expenses that the management office has incurred and paid through our treasury function to arrange for property management services at the relevant community, the shortfall is recognized as long-term receivable subject to impairment. Please refer to the section entitled “Risk Factors — Risks relating to Our Business and Industry — We may fail to recover all payments on behalf of property owners and residents of the properties managed on a commission basis” in this prospectus.

Under the commission basis model, we are not entitled to any excess of the property management fees paid by property owners, residents or property developers (after deducting the fees receivable by us as the property manager) over the costs and expenses associated with the provision of services to the property. Therefore, we do not recognize any direct cost under property management contracts charged on a commission basis in general. Such costs are borne by the property owners, residents and property developers.

### Property Management Contract

Property developers typically go through a tender and bidding process to select property management service providers and enter into preliminary property management service contracts for residential properties as required by relevant PRC laws. In circumstances where there are less than three bidders or the size of the managed property is small\*, property developers are permitted under PRC laws to select property management service providers without conducting any tender and bidding process, subject to approval by the competent PRC property administration authorities.

We provided property management and other related services to the projects developed by Languang Group and third-party property developers at the pre-sale and pre-delivery stages during the Track Record Period. We typically procure our initial property management service engagements from property developers through standard public tender procedures regulated by applicable PRC laws and regulations. During the Track Record Period, the success rate of our tender bids for preliminary property management contracts in respect of properties developed by Languang Group was 100.0%. In 2016, 2017, 2018 and the six months ended June 30, 2019, the success rates of our tender bids for properties developed by third-party property developers were approximately 53.3%, 48.1%, 59.0% and 56.14%, respectively.

During the Track Record Period, one project under our management had been engaged without the required tender and bidding process (the “**Relevant Property Management Project**”). Such property had an aggregate GFA under management of approximately 0.4 million sq.m. as of June 30, 2019. The revenue from our management of such property represented approximately nil, nil, 0.2% and 0.3% of our total revenue in 2016, 2017, 2018 and the six months ended June 30, 2019, respectively. Under the Regulations on Property Management, a residential property developer shall hire qualified property management service providers by going through a tender and bidding process. If the number of bidders is less than three or the relevant residential property is of a relatively small scale, a property developer can engage qualified property management service providers directly without a tender and bidding process with the prior approval of competent authorities. According to the Regulations on Property Management, a residential property developer may be required to take rectification measures within a prescribed period and pay fines up to RMB100,000 if it fails to comply with such tender and bidding requirement. Please refer to the section entitled “Regulatory Overview — Legal Supervision over Property Management Services — Appointment of Property Management Enterprises” in this prospectus.

As confirmed by our Directors, the lack of a tender and bidding process for the selection of property management service providers for the Relevant Property Management Project was not caused by us but the relevant property developer. As advised by our PRC Legal Advisor, JunHe LLP, current PRC laws and regulations are silent on whether a property management service provider shall be subject to any administrative penalty if it was hired without a required tender and bidding process. In addition, relevant PRC laws and

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\* Regulations on Property Management (《物業管理條例》) and other relevant PRC laws and regulations do not provide the standard of “small” to quantify the situation under which a tender and bidding process is not required at the national level. The local government regulations such as Regulation on Property Management in Sichuan Province (《四川省物業管理條例》), Regulations on Property Management in Chongqing Municipality (《重慶市物業管理條例》), Regulations on Property Management in Jiangsu Province (《江蘇省物業管理條例》) provide that where the GFA of residential property is less than 30,000 sq.m., property developers are permitted to select property management service providers without conducting any tender and bidding process, subject to approval by the county-level housing departments of the people’s government where the residential property is located.

regulations do not explicitly stipulate whether the validity of the property management contract would be affected by the lack of a tender and bidding process. Judicial practice varies in the PRC and the abovementioned contracts which are executed without a tender and bidding process may be determined to be invalid by relevant local judicial authorities. Our Directors also confirm that, based on the opinion given by our PRC Legal Advisor, JunHe LLP, and the percentage of the revenue from the management services for the Relevant Property Management Project to our total revenue during the Track Record Period, it will not have any material and adverse impact on our business, financial position or results of operations. As of the Latest Practicable Date, we were not aware of any administrative penalties or any notice of any potential administrative penalties from the relevant competent authorities on the relevant property developer in relation to such property management agreement. Please refer to the section entitled “Risk Factors — Risks relating to Our Business and Industry — Our property management agreements may have been obtained without going through the required tender and bidding process” in this prospectus.

In order to ensure our ongoing compliance with the relevant regulations on property management, we have implemented several internal control measures, including (i) our regional offices to conduct extensive research and prepare bidding plan for newly developed property projects which will commence sale, before we participate in a tender and bidding process for such project; (ii) our property management center to closely monitor the tender and bidding progress of each project, formulate detailed property management plans, review the project status on a regular basis and prepare a register to keep track of the status of projects; and (iii) our regional offices to make filings of the property management fees with the relevant governmental authorities, if required, and prepare a register to keep track of the relevant filings. In addition, we will consult our PRC legal advisor for legal advice on tender and bidding issues from time to time.

#### ***Key Terms of Contract with Property Developers***

Our contracts with property developers typically include the following key terms:

- *Scope of services.* A typical contract with a property developer sets out the scope of services by phase. Before the construction of the property is completed, we generally provide property management services to public areas and facilities, including security, cleaning, greening and gardening, public road maintenance and repair, and maintenance of public facilities. Once the construction is completed, in addition to the aforementioned services, we also collect utility fees and service fees, manage the carparks and offer housekeeping services.
- *Performance standards.* The contract sets out specific standards for the main services we provide and the frequency of certain types of services such as elevator maintenance and equipment examination.
- *Property management fees.* The contract sets out the amount of property management fees, payable either on a lump sum basis or on a commission basis. The property developer is responsible for paying the property management fees for unsold property units, which fees typically begin to accrue after the execution of the property management contract and upon delivery of the first unit to a buyer. Property developers pay a daily surcharge, at a certain percentage of the overdue amount, for overdue property management fees. We can also report a property developer’s overdue history to the housing management authority. The amount payable by the property developer will be withheld by the housing management authority upon the transfer of the property.



## BUSINESS

- *Property developers' obligations.* The property developer is primarily responsible for obtaining a commitment from every property buyer that it will comply with the property management agreement, providing sufficient space at the community for us to use as our on-site property management office and providing us with blueprints and other construction design documents and completion inspection documents.
- *Term of service.* The contract typically expires only when the relevant property owners' association is established and a new property management agreement is entered into to replace the existing one with property developers.
- *Dispute resolution.* Parties are typically required to resolve any contractual disputes through negotiations first, failing which the dispute is to be resolved through court proceedings.

After the delivery of properties by the property developers to the property owners, the property owners may form and operate a property owners' association to manage the properties. Under relevant PRC laws and regulations, the property owners who own over half of the total GFA of the community and represent more than half of the total number of the property owners may vote to establish a property owners' association at a property owners' meeting.

As of June 30, 2019, 137 projects under our management had established property owners' associations, accounting for approximately 31.4% of the total number of projects under our management (excluding consultancy projects) as of the same date. The success rate of entering into property management agreements with property owners' associations after the preliminary stage during the Track Record Period was 100%. The property owners' associations are independent from us. We need to provide quality services at a competitive rate to the residents and owners of our properties in order to secure our engagement in the property owners' meeting. According to the Regulations on Property Management, the property owners' meeting can hire or dismiss property management service providers by votes from the property owners who own over half of the total GFA of the community and who represent more than half of the total number of the property owners at the property owners' meeting. The property owners' association may either hire new property management service providers through competitive bidding or enter into a contract with a property management service provider directly based on specified standards, such as terms and conditions of service, service quality and service price.

In the event that the property owners' association has not been formed after the delivery of the properties to the property owners, the preliminary property management contract entered into between the property developers and us at the pre-sale and pre-delivery stages (the "**Preliminary Management Contract**") would remain effective and bind the owners of the properties, who are obligated to pay the management fees directly to us. The Preliminary Management Contract will be terminated when the property owners' association is formed and a new property management contract is entered into. If, upon the expiration of the initial term of the Preliminary Management Contract, the property owners' association has not been formed or a new property management contract has not been entered into between the property owners' association and us, (i) the Preliminary Management Contract will be renewed automatically until a new property management contract with the property owners' association is entered into if there is applicable provision in the Preliminary Management Contract to that effect, or (ii) the parties may choose to extend the services absent any automatic renewal provision in the contract, in which event a new management contract will be entered into between the property developer and us.

### ***Key Terms of Contract with Property Owners' Associations***

Our contracts with property owners' associations typically include the following key terms:

- *Scope of services.* Under a typical contract with a property owners' association, we provide general property management services, including repair and maintenance of public facilities and equipment, maintenance of common areas, greening, gardening, cleaning, security, fire control and emergency response. If the owners or residents request other services, such as decoration, parking and maintenance of properties, they will sign separate service agreements with us. In addition, we may also agree to collect utility charges from property owners and residents on behalf of utility companies. We may outsource certain services to qualified sub-contractors.
- *Property management fees.* The contract sets out the amount of property management fees, payable either on a lump sum basis or on a commission basis. Property owners and residents are responsible for paying the property management fees, which shall be proportional to the size of the GFA they occupy. If the owners and residents request other services not covered by our general scope of services, they shall also pay service fees either as separately agreed under the relevant agreements entered into between property owners and residents and us or as set out in the standard fee schedules applicable to the specific communities. Property owners and residents contribute to the public funds reserved for the repair and maintenance of public facilities and common areas. Property owners and residents pay a daily surcharge, typically 0.005% of the overdue amount, for overdue property management fees.
- *Rights and obligations of property owners and residents.* According to relevant PRC laws and regulations, the property owners' association is elected by property owners, and represents their interests in matters concerning property management. The decisions made by property owners' associations are binding on all property owners. As advised by our PRC Legal Advisor, JunHe LLP, contracts between property owners' associations and property management companies, including the various legal rights and obligations of property owners under such contracts, are valid and legally binding on property owners, whom their respective property owners' associations represent, even if the property owners are not parties to such contracts. As a result, we have legal claims against property owners for accrued and outstanding property management fees. Property owners and residents have the right to be informed of and supervise the use of public funds and the management of common areas and public facilities and review the annual budget and property management plan prepared by us. Before selling or leasing out their properties, property owners shall pay up all outstanding property management fees to us. When selling or leasing their properties, property owners shall inform the buyers or tenants of the existence of the property management agreement and the buyers' or tenants' obligations thereunder. Property owners bear joint liabilities with the residents of their properties with respect to the payment of property management fees.

## BUSINESS

- *Rights and obligations of property owners' associations.* Property owners' associations have the right to be informed of and supervise the use of public funds, the management of common areas and public facilities, and review the annual budget and property management plan prepared by us. Property owners' associations shall provide necessary support to us to facilitate our work, such as all necessary drawings, records, materials and an office.
- *Terms and termination.* In general, such contracts have fixed terms typically for a duration of one to four years. Certain of these contracts provide that, if no new contract had been executed between the relevant property owners' association and other property management company upon the expiration of an existing contract, the term of the contract at issue shall be extended till the new property management contract between the relevant property owners' association and the newly engaged property management company becomes effective.
- *Dispute resolution.* Parties are typically required to resolve any contractual disputes through negotiations first, failing which the dispute is to be resolved through court proceedings.

### Pricing of Property Management Fees

We generally price our services based on a number of factors, including (i) the types and locations of the properties, (ii) the scope and quality of our services, (iii) our budgeted expenses, (iv) our target profit margins, (v) the profiles of property owners and residents, (vi) the local government's guidance price on property management fees (where applicable), and (vii) the pricing of comparable properties. Under the property management contracts, we can negotiate with property owners and residents to raise the property management fees upon renewal of the contracts.

The relevant price administration department and construction administration department of the State Council are jointly responsible for the supervision over and administration of the fees charged in relation to property management services, and we may need to refer to government guidance prices for such fees. For more information, please refer to the section entitled "Regulatory Overview — Charging of Property Management Enterprises" in this prospectus.

In 2016, 2017, 2018 and the six months ended June 30, 2019, the average property management fee was approximately RMB2.3 per sq.m./month, RMB2.1 per sq.m./month, RMB2.0 per sq.m./month and RMB2.0 per sq.m./month, respectively. The following table sets forth the average property management fees we charged by region during the Track Record Period.

	For the year ended December 31,			For the six months ended June 30,
	2016	2017	2018	2019
	(RMB/sq.m./month)			
Sichuan Province . . . . .	2.3	2.4	2.1	2.2
East and South China <sup>(1)</sup> . . . . .	2.0	1.5	1.5	1.6
Southwest China (excluding Sichuan Province) <sup>(2)</sup> . . . . .	1.7	1.7	1.9	1.9
Central and North China <sup>(3)</sup> . . . . .	3.2	2.8	2.6	2.6
Others <sup>(4)</sup> . . . . .	—	—	1.5	1.5
<b>Overall</b> . . . . .	<b>2.3</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>

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*Notes:*

- (1) East and South China mainly includes Zhejiang Province, Jiangsu Province, Shanghai, Guangdong Province, Anhui Province and Shandong Province.
- (2) Southwest China mainly includes Yunnan Province, Guizhou Province, Sichuan Province and Chongqing.
- (3) Central and North China mainly includes Beijing, Tianjin, Hebei Province, Hubei Province, Jiangxi Province, Hunan Province and Shanxi Province.
- (4) Others include Ningxia Hui Autonomous Region and Shaanxi Province.

The following table sets forth the average property management fees for properties developed by Languang Group and third-party property developers during the Track Record Period.

	For the year ended December 31,			For the six months ended June 30,
	2016	2017	2018	2019
	(RMB/sq.m./month)			
Languang Group <sup>(1)</sup> . . . . .	2.3	2.5	2.4	2.4
Third-party property developers <sup>(2)</sup> . . .	2.0	1.6	1.6	1.6
<b>Overall</b> . . . . .	<b>2.3</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>

*Notes:*

- (1) Includes projects solely developed by Languang Group and properties that Languang Group jointly developed with other property developers for which properties Languang Group held a controlling interest.
- (2) Includes projects developed by Independent Third Party developers, as well as properties developed by joint ventures and associates of Languang Development.

The average property management fees for properties developed by Languang Group were generally higher than those developed by other third-party property developers during the Track Record Period, primarily because projects for certain properties under our management that developed by third-party property developers in 2017 and 2018 were acquired projects and had relatively long management histories with an average management history of about ten years. As a result of PRC's increasing urbanization and per capita disposable income and the implementation of favourable policies in the PRC property management industry, such as the Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services (《國家發展和改革委關於放開部分服務價格意見的通知》) promulgated in December 2014, the property management fees initially charged for properties completed in recent years are generally higher than those charged for properties completed a decade ago. In addition, as advised by CIA, different from Hong Kong or other markets, the property management agreements executed in the PRC generally do not have a regular price increase clause; therefore, property management fees charged for the same property may stay stable in the following years subsequent the execution of the initial management agreement. Therefore, property management fees charged for such acquired projects from third parties with relatively long management histories are generally lower than the property management fees charged to properties completed in recent years with the same type and in the same area.

### **Payment Terms and Credit Terms**

We generally charge property management fees on a monthly/quarterly/half-yearly/yearly basis pursuant to relevant property management service agreements. We generally send out notices one month in advance for the payment of fees for residential and commercial properties under our management.

We collect property management fees according to the terms of the relevant property management contracts. Property management fees are due for payment by property owners and residents upon our issuance of a demand note with no credit term. We typically receive prepayment for our property management services which, based on publicly available information, is consistent with the property management industry norm in the PRC.

To the extent permitted by relevant laws and regulations, we charge property owners at the properties we manage a utility fee for the water and electricity consumed by public facilities, public equipment and common areas in proportion to the GFA occupied by them in addition to the agreed property management fees.

Customers can make the payment of property management fees to us in cash, through “Justbon Life Pro (嘉寶生活家)” mobile application, bank transfer, online or offline transfer, bank collection, credit card or third-party mobile payment platforms, such as Alipay or WeChat Pay. In order to enhance the timely collection of our property management fees and other payments, we have undertaken a number of measures, including sending payment notices, reminders and lawyer’s letters through various channels, such as phone calls, mails, SMS text, and our “Justbon Life Pro (嘉寶生活家)” mobile application, and notifying the property owners and residents in person. Generally, when the property management fees become overdue for more than five days, we will send our overdue payment notices to the property owners or residents by phone or messages, or deliver in person or to the mailboxes of the relevant residents. When the property management fees become overdue for more than six months, we will follow up with payment reminders. For delays in payment for more than 12 months, we will mail out a payment reminder with a demand letter issued by our lawyer. Generally, in the event of a significant payment delay, which refers to the failure of payment for more than 18 months after the due date, we shall initiate legal proceedings to collect the fees. Considering the amount and recoverability of overdue payment, we may initiate litigation proceeding as soon as six months after the due date if we have already taken all other collection methods but failed. During the Track Record Period and up to the Latest Practicable Date, we had initiated two material legal proceedings to collect the trade receivables in September 2017 and October 2018, respectively, with an aggregate claim amount of approximately RMB2.4 million. In September 2017, we filed a lawsuit against a real estate company in Shandong Province in order to collect and claim the outstanding management fees, relevant losses and compensations at the amount of approximately RMB1.4 million. However, both the trial court and the intermediate people’s court ruled in favor of the defendant. We, therefore, applied for retrial. On April 8, 2019, the High People’s Court of Shandong Province withdrew the verdicts by both the trial and intermediate people’s courts and remitted the matter to the trial court for retrial. As of the Latest Practicable Date, the retrial remained pending. In October 2018, we filed a lawsuit against a real estate company in Hubei Province in order to claim and collect the outstanding management fees, relevant losses and compensations at the amount of approximately RMB1.0 million. As of the Latest Practicable Date, this lawsuit remained pending.

## BUSINESS

### CONSULTANCY SERVICES

#### Overview

Leveraging our property management expertise and capitalizing on our brand recognition, we offer various consultancy services to property developers and other property management companies, to address their various needs arising throughout different stages of property development and management.

The following table sets forth a breakdown of our revenue generated from consultancy services to properties developed by Languang Group and third-party property developers for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Languang Group <sup>(1)</sup> . . . . .	148,445	99.4	153,673	94.7	216,524	93.6	58,515	91.1	163,450	85.6
Third-party property developers <sup>(2)</sup>										
Independent Third Parties . . . . .	895	0.6	6,855	4.2	13,441	5.8	5,265	8.2	24,329	12.7
Joint ventures and associates of Languang Development . . . . .	—	—	1,827	1.1	1,482	0.6	439	0.7	3,217	1.7
<b>Total . . . . .</b>	<b>149,340</b>	<b>100.0</b>	<b>162,355</b>	<b>100.0</b>	<b>231,447</b>	<b>100.0</b>	<b>64,219</b>	<b>100.0</b>	<b>190,996</b>	<b>100.0</b>

#### Notes:

- (1) Includes projects solely developed by Languang Group and properties that Languang Group jointly developed with other property developers for which properties Languang Group held a controlling interest.
- (2) Includes projects developed by Independent Third Party developers, as well as properties developed by joint ventures and associates of Languang Development.

### Preliminary Planning and Design Consultancy Services

We enter into service agreements with the property developers to provide preliminary planning and design consultancy services before the completion of the property.

In 2016, 2017, 2018 and the six months ended June 30, 2019, our revenue derived from preliminary planning and design consultancy services accounted for approximately nil, 0.1%, nil and nil, respectively, of our revenue from consultancy services for the same periods.

### Sales Assistance

We may be appointed by property developers at an early stage of property development to provide sales assistance services. We help property developers prepare marketing activities, and recognize revenue based on the fees we charge, either based on our actual cost or at a fixed lump sum amount.



We enter into sales assistance service agreements with property developers. Pursuant to such agreements, we agree to deploy staff onsite at the display units and property sales venues, to assist property developers with their marketing activities, and be mainly responsible for cleaning, security, units display, marketing planning and visitor receptions. Sales assistance service agreements typically set to expire when the property developers notify us that our sales assistance services are no longer required.

In 2016, 2017, 2018 and the six months ended June 30, 2019, our revenue derived from sales assistance services accounted for approximately 81.5%, 75.1%, 66.6% and 67.9%, respectively, of our revenue from consultancy services for the same periods.

### **Home Inspection**

We provide home inspection services to property developers and property owners after the construction has been completed and the property has been delivered to buyers.

We primarily provide two types of home inspection services:

- *Delivery assessment.* We provide delivery assessment services to property developers. Specifically, we assess the condition of completed properties to determine whether such properties are suitable for delivery by searching and reviewing the completion filing records of such properties, conducting onsite examination and undertaking other tests and surveys. The scope of our assessment covers individual units, common areas, basements, landscaping, public facilities and equipment; and
- *Unit inspection.* We provide unit inspection service to both property developers and property owners. Our unit inspection services focus on aspects likely affecting property owners' satisfaction or the delivery rate of properties, such as functionality, quality and design of properties. Specifically, we conduct onsite examination and undertake other tests and surveys with a view to spotting potential defects and issues.

In 2016, 2017, 2018 and the six months ended June 30, 2019, our revenue derived from home inspection services accounted for 18.5%, 24.7%, 33.3% and 32.0%, respectively, of our revenue from consultancy services for the same periods.

### **Consultancy Services to Property Management Companies**

To expand our geographic presence, showcase our services and abilities, enhance our brand awareness and promote our “Justbon Life Pro (嘉寶生活家)” mobile application, we have entered into consultancy service contracts with selected local property management companies. Under such contracts, these local property management companies provide property management services at the relevant properties, and we provide consultation and advice to these local property management companies on various aspects of their operations, such as property management, quality control and human resources, so that they are able to leverage our experience and platform to improve the standards of their own operations and control their operational costs. We receive a fee for our consultancy services at fixed rates.

In 2016, 2017, 2018 and the six months ended June 30, 2019, our revenue derived from consultancy services to property management companies accounted for nil, 0.1%, 0.1% and 0.1%, respectively, of our revenue from consultancy services for the same periods.

## BUSINESS

### COMMUNITY VALUE-ADDED SERVICES

Leveraging our long-term experience and professional teams for property management, we provide a wide range of community value-added services to property owners and residents. We provide these services through our daily contact and interaction with property owners and residents during our traditional property management services and through a variety of channels (including our one-stop service platform). Revenue generated from our community value-added services amounted to approximately RMB127.1 million, RMB181.9 million, RMB333.2 million and RMB193.4 million, in 2016, 2017, 2018 and the six months ended June 30, 2019, representing approximately 19.3%, 19.7%, 22.8% and 20.7%, respectively, of our total revenue during the same periods.

The following table sets forth a breakdown of our revenue generated from community value-added services to properties developed by Languang Group and third-party property developers for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Languang Group <sup>(1)</sup>	116,885	92.0	140,287	77.1	233,212	70.0	(Unaudited) 88,663	70.9	133,657	69.1
Third-party property developers <sup>(2)</sup>										
Independent Third Parties	10,182	8.0	41,630	22.9	99,596	29.9	36,280	29.0	58,577	30.3
Joint ventures and associates of Languang Development	—	—	11	0.0	385	0.1	62	0.1	1,200	0.6
<b>Total</b>	<b>127,067</b>	<b>100.0</b>	<b>181,928</b>	<b>100.0</b>	<b>333,193</b>	<b>100.0</b>	<b>125,005</b>	<b>100.0</b>	<b>193,434</b>	<b>100.0</b>

**Notes:**

- (1) Includes projects solely developed by Languang Group and properties that Languang Group jointly developed with other property developers for which properties Languang Group held a controlling interest.
- (2) Includes projects developed by Independent Third Party developers, as well as properties developed by joint ventures and associates of Languang Development.

In order to improve the community living experience of property owners and residents at the properties we manage and to preserve and increase the value of their properties, we mainly provide four types of community value-added services to property owners and residents, namely, resident services, residential property agency, commercial property management and operation, and advertisement services.

- **Resident services.** We offer resident services to property owners and residents with a focus on their daily needs. The main resident services we provide include:
  - (i) *Property maintenance and repair:* we offer property maintenance and repair services either by ourselves or through qualified third-party service providers. Our property maintenance and repair services mainly cover home appliances and furniture;
  - (ii) *Housekeeping and cleaning services:* we offer housekeeping and cleaning services either by ourselves or through qualified third-party service providers;

- (iii) *Decoration, turnkey and move-in furnishing services (拎包入住)*: we offer design and purchasing services with turnkey furnishing packages to create a move-in ready residence. Leveraging our integrated supplier resources, we assist the owners and residents of our managed properties in decorating and furnishing the units and purchasing furniture, home appliances and accessories, saving them time and effort. We charge a pre-negotiated fee for our turnkey and move-in furnishing services;
  - (iv) *Purchase assistance*: we offer purchase assistance for a full range of products and services for sale by us. Our active engagement and relationships with the property owners and residents through our property management services help us better understand and respond to their demands. The property owners and residents may place orders at our property management offices or through our “Justbon Life Pro (嘉寶生活家)” mobile application; and
  - (v) *Public resources administration*: we actively manage the public resources in the community through (i) publishing community magazines such as Justbon Life (嘉園生活) to enrich the life of our residents; (ii) organizing educational activities related to safety, environmental protection and laws; (iii) organizing cultural activities; (iv) organizing charitable activities to care for empty nester and the disabled; (v) maintenance of telecommunication and Internet services through cooperation with major communication and network operators; (vi) introducing various supporting facilities such as direct drinking fountains, parcels machines, electric vehicle charging stations and unmanned vending machines in the community to improve the living experience of residents.
- **Residential property agency services.** We commenced our residential property agency services in 2009. We have a strong residential property agency team comprised of a number of members experienced in the real estate industry and property agency business, offering feasibility studies, marketing planning, sales consultancy, and channel development and integration services. We provide property developers with property agency services with respect to (i) newly developed properties in selected cities and (ii) unsold units at the properties we manage. We act as a sales agent for property developers, sourcing potential property buyers and assisting property developers in entering into property sale and purchase agreements with buyers. We reach out to potential residential property buyers through our network of property management offices located at the properties we manage across China. Leveraging close relationships with the residents that we have nurtured through our property management operations, we have access to potential residential property buyers with proven purchasing power. Upon the consummation of a property sale transaction, we charge sellers a commission calculated at a fixed percentage of the contract purchase price typically, which will be 2.0% if we represent the buyers and 1.0% if we represent the sellers. Moreover, we offer brokerage services for property leasing transactions, which primarily include property listing as well as assistance in the negotiation and documentation of leases. Upon the closing of a successful property leasing transaction, we typically charge the landlord half-month rent and tenant one-month rent as commission.

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- **Commercial property and operation services.** Committed to preserving and increasing the value of our property owners' assets, we provide property value management services to property owners, including commercial property leasing services. The scope of such services includes the leasing and sales of second-hand properties, real estate auction, trading consulting, agency sales of the commercial properties, car parks, shops and office buildings for property developers, and financial services related to real estate transaction. We manage a portfolio of properties for rent and property owners bear the maintenance cost. If a property is successfully rented out, we will charge a commission calculated at a fixed rate of the rental income. The commission rate for the rental income is 1.5 times the monthly rent for each transaction.
- **Advertisement.** By optimizing the public area sources and introducing high-quality advertising companies, we are devoted to increasing our income from the operation of our community. With the expansion of business and enhancement of operation capability, we started to provide advertising services free of charge based on our "Justbon Life Pro (嘉寶生活家)" mobile application since 2018 for our third-party suppliers. As of the Latest Practicable Date, all the advertisements posted on our mobile application are free of charge, which is expected to be continued upon Listing. We provide information of services and products closely tied to residents' daily life and basic needs, such as consumer goods, household supplies and travelling products to diversify our services. In the meantime, to optimize customer experience and satisfaction, we closely manage the content and frequency of advertisements to ensure that the advertisements do not disturb the residents' enjoyment of their properties. Through our platform, we provide quality products information and create advertising venues for the merchants.

### GROWTH OF OUR PROPERTY MANAGEMENT SERVICES PORTFOLIO

We had been expanding our property management services business during the Track Record Period primarily through obtaining new service engagements from property developers or property owners' associations and acquiring of regional property management companies. In the future, we also plan to expand our coverage by acquiring more local property management companies with complementary business profile and industry experience. The table below indicates the movement of our (i) contracted GFA and (ii) GFA under management during the Track Record Period.

	For the year ended December 31,						For the six months ended June 30,	
	2016		2017		2018		2019	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	(000'sq.m.)	(000'sq.m.)	(000'sq.m.)	(000'sq.m.)	(000'sq.m.)	(000'sq.m.)	(000'sq.m.)	(000'sq.m.)
As at the beginning of the period . . . . .	19,693	18,071	29,665	24,184	52,251	43,987	73,408	60,469
New engagements <sup>(1)</sup> . . . . .	7,435	4,082	11,968	9,896	13,284	8,609	5,391	2,951
Acquisitions <sup>(2)</sup> . . . . .	2,537	2,031	11,037	10,326	9,099	9,099	—	—
Terminations <sup>(3)</sup> . . . . .	—	—	(419)	(419)	(1,069)	(1,069)	(108)	(108)
<b>As at end of the period . . . . .</b>	<b>29,665</b>	<b>24,184</b>	<b>52,251</b>	<b>43,987</b>	<b>73,565<sup>(4)</sup></b>	<b>60,626<sup>(5)</sup></b>	<b>78,691</b>	<b>63,312</b>

*Notes:*

- (1) In relation to residential communities we manage, new engagements primarily include service engagements for new property developments constructed by property developers and to a much lesser extent, service engagements for residential communities replacing their previous property management companies.
- (2) These refer to new engagements obtained through our acquisitions of certain local property management companies during the Track Record Period.
- (3) During the Track Record Period, almost all of these terminations were initiated by us in order to reallocate our resources to more profitable engagements and optimize our property management portfolio. To the best knowledge of our Company, the counterparties to the agreements that were not terminated by us were property development companies who terminated such agreements because they would like to conduct property management themselves to reduce their operating costs. During the Track Record Period, there were two material disputes involved for terminating such agreements. In both situations, the counterparties did not pay us the outstanding property management fees pursuant to the relevant property management contracts. Therefore, we initiated legal proceedings to collect such outstanding fees. As of the Latest Practicable Date, these two Legal proceedings remained pending. For more information, please refer to the sub-section entitled “—Property Management Services — Payment Terms and Credit Terms” in this section.
- (4) This includes the contacted GFA of 157.0 thousand sq.m. under property management agreements expired on December 31, 2018.
- (5) This includes the GFA under management of 157.0 thousand sq.m. under property management agreements expired on December 31, 2018.

## **STANDARDIZED OPERATION, DIGITALIZATION AND INFORMATION TECHNOLOGY, AND OPERATION AUTOMATION**

To strengthen our competitiveness, reduce our reliance on manual labor and costs, we focus on implementing standardized operation, digitalization and information technology, and operation automation. We evaluate our property management services and formulate processes to render such services in a manner that is intended to improve operational efficiency, ensure consistent service quality, help develop a scalable business model and alleviate the pressure of increasing labor cost.

- *Standardized Operation.* We have standardized our operation in key areas of our services including environmental management, occupational health and safety management and quality management. In 2012, we obtained the quality management system GB/T19001-2008/ISO9001:2008 certification, environmental management system GB/T24001-2004/ISO14001:2004 certification and occupational health and safety system GB/T28001-2001 certification by the CQC, which made us become an enterprise with National First Class Property Management Qualification (國家一級資質物業服務企業) in Sichuan Province to obtain the “three-in-one” certification. Furthermore, we apply consistent standards in certain operations including, among others, environmental and order maintenance, repair and maintenance of equipment and facilities, and customer services. In addition, to meet needs and preferences of different customer groups, we have specifically divided our property management services into four categories, namely, “Quality Service,” “Hotel Service,” “Butler Service” and “Golden Butler Service,” and formulated the implementation standards for each service category.
- *Digitalization and Information Technology.* We endeavor to achieve digitalization and adopt information technology within our Group through a “centralized management center (管理駕駛艙),” “ECM system” and “single soldier system (單兵系統)” to build a nationwide remote data and video surveillance command center, which has greatly improved our management efficiency. Targeting the characteristics of the traditional property management model of “multi-projects, cross-regional and multi-businesses,” we have independently developed a

“centralized management center (管理駕駛艙),” which is a “property management core business system” that integrates the functions of our project management, project operation, finance, human resources and customer relations management. This system can collect real-time business management data and perform intelligent analysis based on the data management analysis model, thus greatly improve our management efficiency. As of June 30, 2019, our centralized management center had covered all our projects under management. In 2015, we launched an Equipment Condition Monitor (ECM) system (the “**ECM system**”), which applies Internet of Things (IoT) technology in property management. The ECM system collects the operating information of the equipment through data interfaces and various sensors, transmits data to the cloud platform for processing and analysis through network devices, thus greatly improving the management efficiency. Once our ECM system detects the failure of the equipment at our managed properties, it will automatically report the failure and generate work orders for our maintenance personnel to follow up. This system enables our maintenance personnel to identify and solve the equipment malfunctions in time, thus effectively improving the service life and management of our equipment. The equipment monitored at our managed properties covers the engine room, power supply and distribution, water supply and drainage system, fire control, central air conditioning system, parking system, perimeter alarms, video surveillance, elevators access control, and others. We intend to provide this system to other property management companies in the future. “Single soldier system (單兵系統)” is a personal wearable audio and video remote acquisition system, which consists of a handheld audio and video acquisition device and a PC customer software. The system is an audio-based handheld service terminal that can remotely inspect and record the service of each regional company’s projects to improve the on-site service quality.

- *Operation Automation.* We strive to automate our operations where possible, by employing equipment such as remote video surveillance system, carpark management systems, smart inspection systems, cleaning vehicles, safe balance patrol vehicles (安全平衡巡邏車), unmanned patrol drones or aerial vehicles, electric sweeper and intelligent robots to minimize human error and apply consistent service procedures and standards. Automation improves our service quality. For instance, our “smart inspection system (智慧巡檢系統)” managed the onsite inspection of our project personnel through releasing the task and uploading the inspection results on our mobile application, thus greatly improving the quality and efficiency of the inspection and facilitate the headquarters and regional departments’ control over our projects. Automation also plays a key role in saving costs by reducing our reliance on manual labor such as security guards and cleaning staff. For instance, we are able to employ relatively fewer onsite security guards managing the car parks through the surveillance cameras that can be remotely controlled, QR code for carpark fee payment and automatic license plate recognition.

The expenses we incurred in connection with the standardized operation, digitalization and information technology, and operation automation during the Track Record Period primarily consisted of sub-contracting costs, purchase of facilities and equipment. In 2016, 2017, 2018 and the six months ended June 30, 2019, we spent an amount of approximately RMB8.0 million, RMB7.5 million, RMB9.6 million and RMB7.0 million, respectively, on standardized operation, digitalization and automation.



**OUR ONE-STOP SERVICE PLATFORM AND “JUSTBON LIFE PRO (嘉寶生活家)” MOBILE APPLICATION**

In response to demands from property owners and residents and the increasing cost pressure, we have made efforts to optimize our business model and improve our service quality. With the help of the Internet and mobile applications, we have built a one-stop service platform to collect, organize and respond to data related to the customer needs, provision and management of our project management services and community value-added services as well as business decision-making. We operate our one-stop service platform through our headquarters.

Our one-stop service platform helps synergize various services and integrate online and offline information and resources by applying the cloud computing, mobile Internet, intelligent terminals and other information technologies. Our one-stop service platform connects the owners and residents of the properties we manage to our steward team and allows the residents to easily purchase services and products from us. While we believe our one-stop service platform represents a lucrative and fast-growing business, it is still at a relatively early development stage and associated with both market opportunities and corresponding challenges and risks. Please refer to the section entitled “Risk Factors — Risks Relating to Our Business and Industry — Our one-stop service platform and community value-added services business may not grow as planned” in this prospectus.

Our one-stop service platform primarily comprises our “Justbon Life Pro (嘉寶生活家)” and “Employee Life Pro (員工生活家)” Android and IOS mobile applications, intelligent terminals, intelligent building management system, smart parking system and “Life Pro Experience Center (生活家體驗中心).”

Our mobile applications, “Justbon Life Pro (嘉寶生活家)” and “Employee Life Pro (員工生活家)” are key to the success of our one-stop service platform. Our “Justbon Life Pro (嘉寶生活家)” mobile application is designed for our customers, the property owners and residents at the properties we manage. Through “Justbon Life Pro (嘉寶生活家)” mobile application, our customers can have easy access to products and services covering substantially all of the primary aspects of their daily lives. To support and monitor the transactions on our one-stop service platform and enhance the quality of our services, we developed “Employee Life Pro (員工生活家)” for our employees to monitor the transaction flow, communicate with the vendors and customers and collect feedback from our customers. As of June 30, 2019, our “Justbon Life Pro (嘉寶生活家)” mobile application covered more than 400 projects and attracted a total number of more than 714 thousand registered users.

We operate “Life Pro Experience Center (生活家體驗中心)” through the “front store and back warehouse(前店後倉)” mode to (i) showcase the products and services offered on our online platform and enable residents to make one-click purchase via QR code scan, (ii) act as transit service stations for express deliveries, (iii) provide a venue to carry out “Justbon Life Pro (嘉寶生活家)” themed activities and (iv) provide certain on-site services and serve as reception for the residents to make off-line purchases and conduct transactions through the mobile application. We have entered into strategic cooperation with leading service and product suppliers and distributors in order to leverage such suppliers’ and distributors’ resources and achieve economy of scale. As of June 30, 2019, 126 projects under our project management were equipped with “Life Pro Experience Center (生活家體驗中心).” According to the Management Procedures for Establishing “Life Pro Experience Center (生活家體驗中心),” “Life Pro Experience Centers (生活家體驗中心)” shall be located in populated areas in the communities that under our management, with GFA ranging from 30 sq.m. to 200 sq.m. To further improve the user experience of residents in properties under our management, we plan to build more “Life Pro Experience Centers (生活家體驗中心)” and upgrade existing “Life

Pro Experience Centers (生活家體驗中心)” in the next three years. We expect to have around 400 projects equipped with “Life Pro Experience Center (生活家體驗中心)” after our expansion plan is fully implemented. Based on previous costs incurred and the number of the “Life Pro Experience Center (生活家體驗中心)” to be built or upgraded, the estimated total cost to open new and upgrade existing “Life Pro Experience Centers (生活家體驗中心)” is expected to be approximately HK\$18.2 million. We believe that opening new and upgrading our existing “Life Pro Experience Centers (生活家體驗中心)” could further improve our service quality and customer satisfaction.

As of the Latest Practicable Date, we provided property owners and residents the following services through our “Justbon Life Pro (嘉寶生活家)” mobile application:

- Property management services mainly include (i) one-click door opening(一鍵開門): property owners and residents can access the community or building through the “shake” function on the mobile application; (ii) online payment(在線繳費): property owners and residents can pay property management fees on the mobile application through third-party payment channels, such as WeChat Pay and AliPay; (iii) repair and maintenance (在線報修): residents can request repair and maintenance services through the mobile application; (iv) community notices (小區公告): property owners and residents can get notifications related to the property management services in the community; (v) contact butler (專屬管家): residents can ask the designated butlers questions and receive answers through the mobile application; (vi) package delivery and receipt (我的郵包): property owners and residents can track their package information through the mobile application; (vii) service feedback (投訴表揚): residents can comment on our services on the mobile application and view the results; (viii) visitor invitation(訪客邀請): property owners and residents can send the guest invitation code through the mobile application granting guest access to the community through intelligent entrance pass; and (ix) home security (居家安防): property owners and residents can remotely monitor their home through the mobile application, and we can receive the timely abnormal information of the residents’ home on the cloud platform and notify them of such abnormality;
- Community value-added services mainly include (i) services related to daily supplies, such as (a) featured products of “Justbon” (嘉寶精選), which refers to sales of consumer goods (such as daily necessities) by us, and (b) barrelled water delivery service (送水上門), which refers to sales of barrelled water under the brand of “Languang” and delivery of such barrelled water to homes of property owners and residents; (ii) services related to properties, such as (a) turnkey and move-in furnishing (拎包入住), which refers to house renovation services, and (b) residential property agency (房屋租售), which refers to free display of information on house selling and leasing; and (iii) surrounding businesses (週邊商圈), which refer to free display of information of the products and services of local vendors surrounding the properties managed by us.

We source products and services from approximately over 300 vendors through our “Justbon Life Pro (嘉寶生活家)” mobile application, and divide these products and services into eight categories, including ecological grain and oil, household appliances, fresh fruits and vegetables, household supplies, turnkey and move-in furnishing services (拎包商城), office supplies, maternity and infant products and others.

In addition, our “Employee Life Pro (員工生活家)” mobile application enables our employees to manage and monitor our one-stop service platform as well as accessing online training seminars. Through the mobile application, our employees will be able to provide better services to our customers and optimize the flow of transactions consummated on our one-stop service platform.

In 2016, 2017, 2018 and the six months ended June 30, 2019, we spent an amount of approximately RMB7.1 million, RMB5.1 million, RMB6.1 million and RMB3.0 million, respectively, on the development of our one-stop service platform.

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which were issued by the State Council and became effective on September 25, 2000, as amended on January 8, 2011, Internet information services refer to the provision of information to web users through the Internet, which can be divided into commercial Internet information services and non-commercial Internet information services. Commercial Internet information services refer to paid services of providing information to or creating web pages for web users through the Internet. Non-commercial Internet information services refer to free services of providing public, commonly-shared information to web users through the Internet. Whether a certain Internet information service is regarded as commercial or non-commercial depends on whether the provision of Internet information is free or charged. For details, please refer to the section entitled “Regulatory Overview — Legal Supervision over the Internet Information services — Supervision on Internet Information Services” in this prospectus.

As advised by our PRC Legal Advisor, JunHe LLP, (i) businesses conducted through our mobile application as of the Latest Practicable Date were regarded as non-commercial Internet information services because we do not charge any fees for provision of the Internet information services, directly or indirectly, through the “Justbon Life Pro (嘉寶生活家)” mobile application; (ii) we have obtained and completed all necessary filings and registrations in respect of such businesses, including, a filing of non-commercial Internet information services (the “ICP Filing”), a certificate for food operation, a filing of self-built food trading website of food producers and operators, and a real estate brokerage filing; (iii) the provision of the “online payment (在線繳費)” service by us on the “Justbon Life Pro (嘉寶生活家)” mobile application does not require any qualification, license or permit other than an ICP Filing, including qualification for online payment required pursuant to the Administrative Measures for Non-financial Institutions Payment Service (《非金融機構支付服務管理辦法》), considering that (a) we only collect property management fees from property owners and residents through the “online payment (在線繳費)” service and property owners and residents cannot pay any fees other than property management fees through such service and (b) online payments are made via third-party payment channels, such as WeChat Pay and Alipay, while we had never developed any electronic payment channels to provide fund transfer services on the “Justbon Life Pro (嘉寶生活家)” mobile application; and (iv) non-commercial Internet information service does not belong to the category of basic telecommunication services or value-added telecommunication services; therefore, a license for value-added telecommunication services is not required. In addition, our PRC Legal Advisor, JunHe LLP, further advised us that, according to Article 17 of the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), while the operation of commercial Internet information services that involve foreign investment shall comply with the requirements in relation to the proportion of foreign investment pursuant to the relevant laws and regulations in the PRC, there is no such restriction against foreign involvement in the operation of non-commercial Internet information services under relevant laws and regulations in the PRC; therefore, our business is not subject to foreign ownership restrictions under relevant PRC laws and regulations.

Besides the non-commercial Internet information services provided as of the Latest Practicable Date discussed above, we had also provided certain commercial Internet information services through the “Justbon Life Pro (嘉寶生活家)” mobile application during the Track Record Period, such as online marketing and product promotion assistance, within the scope of the licenses for valued-added telecommunication services that we then hold (the “**ICP Certificates**”). We ceased such practice by the end of 2018. Since (i) the ICP Certificates are not needed any more for us after we ceased our commercial Internet information services and (ii) we planned to issue foreign shares upon the Listing, we filed an application to cancel the ICP Certificates in early 2019. As of the Latest Practicable Date, the ICP Certificates had been cancelled. Since all commercial Internet information services were provided as a supplement to our offline marketing and product promotion assistance services and we charged relevant suppliers an undivided lump-sum amount for both online and offline services, revenue generated from advertisement services through the “Justbon Life Pro (嘉寶生活家)” mobile application and those from offline marketing and product promotion services under all agreements involving “commercial Internet information services” were recorded as revenue for advertisement services under the business line of community value-added services during the Track Record Period, which was approximately RMB0.06 million, RMB0.14 million, RMB6.0 million and RMB4.8 million, respectively, in 2016, 2017, 2018 and the six months ended June 30, 2019. Considering the aggregate revenue attributable to all agreements involving both commercial Internet information services and offline marketing and product promotion services was approximately RMB6.0 million in 2018, accounting for only 0.4% of our Group’s total revenue for the same year, we believe that ceasing commercial Internet information services should not have any material adverse effect on our financial performance.

Accompanied by our PRC Legal Advisor, JunHe LLP, we interviewed the director in charge of telecommunication market access of the Sichuan Communications Administration, on April 9, 2019 and May 14, 2019, respectively, who confirmed that (i) our Group had complied with all applicable PRC laws and regulations in relation to the provision of services through our cloud platform and mobile applications and had not been subject to any administrative penalty due to a violation of such applicable laws or regulations during the Track Record Period and up to the date of the interview, and (ii) our Group is only required to complete an ICP Filing, as we only engage in the provision of non-commercial Internet information services, pursuant to applicable PRC laws and regulations governing Internet information services. Our PRC Legal Advisor, JunHe LLP, further advised that the officer that we interviewed had the requisite authority to provide such regulatory confirmation on behalf of the Sichuan Communications Administration.

Based on a confirmation letter issued by the Sichuan Communications Administration on February 25, 2019 and the interviews disclosed above, our PRC Legal Advisor, JunHe LLP, is of the view that (i) only ICP Filing is required for the Group’s operation of its mobile applications since the cessation of the provision of commercial Internet information services in 2018 pursuant to applicable PRC laws and regulations governing Internet information services, and (ii) the Group had complied with all applicable PRC laws and regulations in relation to the provision of services through its cloud platform and mobile applications in all material aspects, and had not been subject to any administrative penalty due to a violation of such applicable laws or regulations during the Track Record Period and up to the date of the latest interview.

## **SALES AND MARKETING**

Our sales and marketing team is primarily responsible for planning and developing our overall marketing strategy, conducting market research, coordinating our sales and marketing activities to acquire new customers and maintain and strengthen our relationships with existing customers. Our headquarters manage our overall sales and marketing strategies, while our regional subsidiaries and branches oversee the implementation of our sales and marketing activities within their respective regions.

In addition to maintaining long-term relationships with our major customers, we also endeavor to expand our cooperation with independent property developers by providing customized, diversified and quality services. Furthermore, we implement various incentive measures to encourage our employees to obtain property management contracts developed by third-party developers through investigation and analysis of and communication with target customers in the real estate industry and taking advantage of our resources, including our brands, capital and expertise. In addition, we utilize various communication channels, such as “Justbon Life Pro (嘉寶生活家)” mobile application and our website, to explore more opportunities to provide our services. Moreover, we provide customized products and services, tailored to the specific localities to bring convenience to local property owners and residents. We also continually seek business cooperation opportunities with third-party merchants to enhance the width and depth of our services.

## **CUSTOMERS**

### **Overview**

We have a large, growing and loyal customer base primarily consisting of property developers, property owners and residents, and local property management companies. We have established stable business relationships with most of our major customers for approximately three years. The table below sets forth the types of our major customers for each of our three business lines.

<b>Business line</b>	<b>Major customers</b>
Property management services	Property owners, property owners' associations and property developers
Consultancy services	Property developers, property owners and other property management companies
Community value-added services	Property owners and residents

In 2016, 2017, 2018 and the six months ended June 30, 2019, revenue derived from sales to our five largest customers accounted for approximately 33.1%, 29.8%, 22.4% and 22.3%, respectively, of our total revenue. During the same periods, revenue derived from sales to our single largest customer, Languang Group, accounted for approximately 32.5%, 28.8%, 21.7% and 21.3%, respectively, of our total revenue. We have established on-going business relationships and cooperation with our five largest customers during the Track Record Period for more than three years on average. The typical terms of property management contracts that we entered into with our five largest customers were described in the sub-section entitled “— Property Management Contracts” in this section.



## BUSINESS

One of our five largest customers, Languang Group, was our connected person during the Track Record Period. Other than Languang Group, all other customers among the five largest customers during the Track Record Period were Independent Third Parties. In 2016, 2017, 2018 and the six months ended June 30, 2019, the revenue from Languang Group was approximately RMB214.0 million, RMB266.3 million, RMB318.4 million and RMB198.9 million, respectively.

### Our Top Five Customers

The following table sets forth details of our top five customers in 2016.

Rank	Customer	Major business activities	Commencement of business relationship	Transaction amounts (RMB'000)	Percentage to our total revenue (%)
1	Languang Group . . . . .	Investment services and enterprise management	Since December 2000	214,040	32.5
2	Customer A . . . . .	Real estate development and management	Since August 2015	1,875	0.3
3	Customer B . . . . .	Commercial management	Since January 2016	1,271	0.2
4	Customer C . . . . .	Real estate development and management	Since October 2016	643	0.1
5	Customer D . . . . .	Swimming complex management	Since May 2016	316	0.05

The following table sets forth details of our top five customers in 2017.

Rank	Customer	Major business activities	Commencement of business relationship	Transaction amounts (RMB'000)	Percentage to our total revenue (%)
1	Languang Group . . . . .	Investment services and enterprise management	Since December 2000	266,288	28.8
2	Customer E . . . . .	Property development and management	Since June 2012	3,412	0.4
3	Customer F . . . . .	Real estate development and management	Since May 2010	2,381	0.3
4	Customer G . . . . .	Real estate development and management	Since June 2017	1,527	0.2
5	Customer C . . . . .	Real estate development and management	Since October 2016	1,345	0.1



## BUSINESS

The following table sets forth details of our top five customers in 2018.

Rank	Customer	Major business activities	Commencement of business relationship	Transaction amounts (RMB'000)	Percentage to our total revenue (%)
1	Languang Group . . . . .	Investment services and enterprise management	Since December 2000	318,360	21.7
2	Customer H <sup>(1)</sup> . . . . .	Property development and management	Since June 2014	4,146	0.3
3	Customer I . . . . .	Real estate development and management	Since December 2017	2,382	0.2
4	Customer J . . . . .	Real estate development and management	Since April 2017	2,117	0.1
5	Customer G . . . . .	Real estate development and management	Since June 2017	1,685	0.1

*Note:*

(1) Customer H was controlled by Languang Group before it was disposed to a third-party entity on April 1, 2017.

The following table sets forth details of our top five customers for the six months ended June 30, 2019.

Rank	Customer	Major business activities	Commencement of business relationship	Transaction amounts (RMB'000)	Percentage to our total revenue (%)
1	Languang Group . . . . .	Investment services and enterprise management	Since December 2000	198,882	21.3
2	Customer K . . . . .	Electric power engineering and sales	Since January 2019	3,099	0.3
3	Customer L . . . . .	Real estate development and management	Since December 2018	2,640	0.3
4	Customer M. . . . .	Real estate development and management	Since December 2018	2,012	0.2
5	Customer J . . . . .	Real estate development and management	Since April 2017	1,658	0.2

As of the Latest Practicable Date, we were not aware of any information or arrangements which would lead to cessation or termination of our relationships with any of our five largest customers during the Track Record Period. As of the Latest Practicable Date, unless otherwise disclosed in this prospectus, none of our Directors, Supervisors, their close associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of our issued share capital, or had any interest in any of our five largest customers during the Track Record Period.

## BUSINESS

### SUPPLIERS

#### Overview

We have established stable and long-term business relationships with most of our major suppliers. The table below sets forth the types of our major suppliers for each of our three business lines.

Business line	Major suppliers
Property management services	Subcontractors providing cleaning, greening and gardening, and repair and maintenance services
Consultancy services	Subcontractors providing cleaning, greening and gardening, and repair and maintenance services
Community value-added services	Subcontractors providing cleaning, greening and gardening, and repair and maintenance services, vendors providing resident services

In 2016, 2017, 2018 and the six months ended June 30, 2019, purchases from our five largest suppliers accounted for approximately 45.9%, 40.9%, 34.5% and 30.7%, respectively, of our total purchases. For the same periods, purchases from our single largest supplier accounted for approximately 14.4%, 10.6%, 10.5% and 10.1%, respectively, of our total purchases.

All of our five largest suppliers during the Track Record Period were Independent Third Parties. We did not experience any material delay, supply shortages or disruptions in our operations relating to our suppliers, or any material product claims attributable to our suppliers. As of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers. We do not have any long-term agreements with our five largest suppliers. We typically enter into agreements up to two years with our suppliers and renew them on an annual basis.

Our suppliers generally grant us credit terms from ten to 30 business days and payment to our suppliers is typically settled by bank transfers.

#### Our Top Five Suppliers

The following table sets forth details of our top five suppliers in 2016.

Rank	Supplier	Major business activities	Commencement of business relationship	Transaction amounts (RMB'000)	Percentage to our total cost of sales (%)
1	Supplier A . . . . .	Cleaning services	Since January 2014	10,545	2.4
2	Supplier B . . . . .	Cleaning services	Since January 2014	10,152	2.3
3	Supplier C . . . . .	Cleaning services	Since January 2014	5,598	1.3
4	Supplier D . . . . .	Cleaning services	Since January 2014	3,824	0.9
5	Supplier E . . . . .	Cleaning services	Since July 2016	3,580	0.8

## BUSINESS

The following table sets forth details of our top five suppliers in 2017.

Rank	Supplier	Major business activities	Commencement of business relationship	Transaction amounts (RMB'000)	Percentage to our total cost of sales (%)
1	Supplier A. . . . .	Cleaning services	Since January 2014	13,020	2.2
2	Supplier B. . . . .	Cleaning services	Since January 2014	10,804	1.8
3	Supplier F. . . . .	Property services	Since January 2017	8,965	1.5
4	Supplier C. . . . .	Cleaning services	Since January 2014	8,674	1.5
5	Supplier G. . . . .	Labor dispatch services	Since September 2017	8,626	1.5

The following table sets forth details of our top five suppliers in 2018.

Rank	Supplier	Major business activities	Commencement of business relationship	Transaction amounts (RMB'000)	Percentage to our total cost of sales (%)
1	Supplier G. . . . .	Labor dispatch services	Since September 2017	22,620	2.3
2	Supplier B. . . . .	Cleaning services	Since January 2014	16,298	1.7
3	Supplier A. . . . .	Cleaning services	Since January 2014	13,884	1.4
4	Supplier C. . . . .	Cleaning services	Since January 2014	12,305	1.3
5	Supplier H. . . . .	Labor dispatch services	Since October 2017	9,259	0.9

The following table sets forth details of our top five suppliers for the six months ended June 30, 2019.

Rank	Supplier	Major business activities	Commencement of business relationship	Transaction amounts (RMB'000)	Percentage to our total cost of sales (%)
1	Supplier I. . . . .	Labor dispatch services	Since January 2019	15,520	2.5
2	Supplier B. . . . .	Cleaning services	Since January 2014	8,350	1.4
3	Supplier E. . . . .	Cleaning services	Since July 2016	8,273	1.3
4	Supplier A. . . . .	Cleaning services	Since January 2014	8,106	1.3
5	Supplier C. . . . .	Cleaning services	Since January 2014	7,113	1.2

## **SUB-CONTRACTING**

We delegate certain labor-intensive services and specialized services, primarily including cleaning, security, greening, gardening, and repair and maintenance services, to sub-contractors, which enables us to reduce our operating costs, improve service quality and dedicate more resources to management and other value-added services. We believe such sub-contracting arrangements allow us to leverage the human resources and technical expertise of the sub-contractors, reduce our labor costs and enhance the overall profitability of our operations. In 2016, 2017, 2018 and the six months ended June 30, 2019, the fees paid to third-party sub-contractors were approximately RMB73.4 million, RMB122.5 million, RMB215.6 million and RMB154.2 million, respectively, representing approximately 16.5%, 20.9%, 22.0% and 25.0%, respectively, of our total cost of sales.

As of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any Shareholders which, to the knowledge of our Directors, owned more than 5% of our issued share capital had any interest in any of our five largest sub-contractors.

### **Selection and Management of Sub-contractors**

We aim to create and maintain an effective and comprehensive system for sub-contractor management. We constantly monitor and evaluate the sub-contractors on their ability to meet our requirements. To ensure the overall quality of our sub-contractors, we maintain a list of qualified sub-contractors, the selection of which are based on factors including, among others, their background, qualifications and past performance in providing sub-contracted services to us.

### **Key Terms of Our Sub-Contracting Agreement**

A typical sub-contracting agreement entered into between the independent sub-contractors and us generally includes the following key terms:

- *Term.* A sub-contracting agreement typically has a term of one to two years and may be renewed upon mutual consent. If the performance rendered by the sub-contractors lives up to the agreed standards, we will consider re-engaging such sub-contractors.
- *Our responsibilities.* We are typically responsible for providing on-site staff dispatched by sub-contractors with necessary working space and facilities.
- *Obligations of sub-contractors.* Sub-contractors are responsible for providing services in accordance with the scope, frequency and standards prescribed in the relevant sub-contracting agreements and in compliance with all applicable laws and regulations. In the event of substandard performance, sub-contractors are required to take necessary rectification measures within the period required by us. If they fail to do so, we have the right to claim damages or terminate the contract. Sub-contractors are required to manage their staff providing the contracted services and there is no employment relationship between us and the staff of our sub-contractors.
- *Risk allocation.* Sub-contractors are responsible for any damage to property or personal injury caused by the fault of the sub-contractors in the course of providing the contracted services. We typically require sub-contractors to indemnify us for any damages that they cause to the properties of the residents but paid by us. Sub-contractors are also required to pay all social insurance and housing provident funds contributions for their staff in accordance with applicable PRC laws and bear the liabilities and responsibilities in the event of any non-compliance with applicable PRC laws or industry standards.

- *Procurement of raw materials.* Raw materials shall be procured by the sub-contractors themselves. The procurement costs are usually included in the sub-contracting fees.
- *Sub-contracting fees.* Sub-contracting fees are typically payable monthly or quarterly, including costs incurred in connection with the procurement of raw materials, labor costs, equipment maintenance costs, tax expenses and other miscellaneous costs incurred by the sub-contractors.
- *Termination.* We monitor and assess the performance of sub-contractors on a regular basis and can terminate the sub-contracting agreement in the event of repeated substandard performance.
- *No assignment.* Sub-contractors may not assign or sub-contract their obligations to any third party without our prior consent.

### QUALITY CONTROL

We have a proven track record in prioritizing quality in our services, and we believe quality control is crucial to the long-term success of our business. We have a professional quality control team, who primarily focus on maintaining service standards, standardizing service procedures and supervising service quality throughout our operational processes.

#### Quality Control over Property Management Services

We obtained the ISO9001:2008 international quality management system certification in 2012 from CQC. In 2017, we successfully renewed the certification according to ISO 9001:2015 standards. We also obtained ISO14001:2015 environmental management certification and OHSAS18001:2007 international occupational health and safety management system certification in recognition of our service quality. We implement a “three-in-one” quality management system by aligning ISO9001, ISO14001 and OHSAS18001, which provides an all-round quality control guidance to our daily operations and minimize disruption to our operations and related operation costs.

We have set up a multilevel inspection system conducted on three levels: headquarters, regional companies and onsite property management offices. To ensure consistent and quality services, we standardize our property management services across all our managed properties. For example, we require our property management staff to complete inspection checklists after each round of regularly-scheduled inspections to monitor and record their most updated conditions. The checklists are specifically designed for different types of devices and equipment. We have also adopted an evaluation system comprising our internal supervision and external feedback, which enables us to effectively notice our customers’ needs, improve the quality of our services and enhance our customers’ satisfaction. For more details about our standardization initiatives, please refer to the sub-section entitled “— Standardized Operation, Digitalization and Information Technology, and Operation Automation” in this section.

#### Quality Control over Sub-contractors

We typically include in the agreements with sub-contractors detailed quality standards for the services to be provided. We regularly monitor and evaluate the performance of the sub-contractors and may require the sub-contractors to take necessary rectification measures when their services do not meet the agreed standards. We also conduct evaluations of the quality of services provided by our sub-contractors. We have the contractual right to adjust the sub-contracting fees and decide whether to continue our subcontracting contract depending on the outcomes of such evaluations. For more details, please refer to the sub-section entitled “— Sub-contracting — Selection and Management of Sub-contractors” in this section.

### **Quality Control over Third-party Vendors**

We implement various measures and policies to ensure the quality of the products and services offered by third-party vendors, such as screening candidate vendors by examining their qualifications and conducting on-site inspection of their business premises, before entering into cooperation agreements with them. We examined the price and quality of the products on our “Justbon Life Pro (嘉寶生活家)” mobile application to ensure the quality of products we purchased from third-party vendors. The vendors are also required to indemnify us for losses incurred due to their defective products or substandard services. We also have the right to replace a third-party vendor in the event of substandard performance.

### **Feedback and Complaint Management**

During the ordinary course of our business, we receive feedback, suggestions and complaints (such as report of loss in properties and request for repair of public facilities) from property owners and residents of the properties we manage from time to time regarding our services. We have established internal procedures to record, process and respond to the feedback, suggestions and complaints and conduct follow-up reviews of the results of our responses. We require that all requests and complaints from our customers be responded within 24 hours and solved with a specific timeline. Requests and complaints that do not get addressed within the specified timeline will be escalated in our management system and will be ultimately addressed. We will revisit our customers within 24 hours after their problems get resolved, and thus ensure that the results are satisfactory to our customers and their confidence in our services is restored. In order to provide better customer experience and enhance our customer services, we offer a service hotline (400-8888-116) for residents living in the residential properties we manage. Through the hotline, our customers can inquire about our services, provide us with their complaints and feedback as well as order products that are advertised on our service platform, and we can follow up and respond in time to provide timely and efficient solutions to the problems of our clients. In addition, residents can request repair and maintenance services through the “Justbon Life Pro (嘉寶生活家)” mobile application.

During the Track Record Period, we did not experience any customer complaints about our services or products that would have a material adverse impact on our operations or financial results.

## **RESEARCH AND DEVELOPMENT**

As of June 30, 2019, we had a team of 28 research and development personnel. Our in-house research and development team is primarily responsible for the development and maintenance of our “Justbon Life Pro (嘉寶生活家)” mobile application and our information technology system.

## **INTELLECTUAL PROPERTY**

We consider our intellectual property rights as critical to our success. We primarily rely on laws and regulations on trademarks and trade secrets and our employees’ and third parties’ contractual commitments to confidentiality and non-competition to protect our intellectual property rights. As of the Latest Practicable Date, we had two patents, 19 copyrights for our self-developed software, 104 trademarks and five domain names registered in the PRC. As of the Latest Practicable Date, we are in the process of applying to register 10 trademarks. For further details, please refer to the section entitled “Risk Factors — Risks Relating to Our Business and Industry — Our failure to protect our intellectual property rights could have a negative impact on our business and competitive position” in this prospectus.



## BUSINESS

As of the Latest Practicable Date, we were not aware of any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Group, or any disputes with third parties with respect to intellectual property rights.

### AWARDS AND RECOGNITION

The following table sets forth some of our awards received up to the Latest Practicable Date.

Year	Award/Recognition	Awarding Entity
2019	Top 11 among 2019 Top 100 Property Management Companies in China (2019中國物業服務百強企業十一強)	CIA
2019	China Leading Property Management Companies in terms of Characteristic Service — Community Quality Life and Commercial Asset Operator (中國特色物業服務領先企業-社區品質生活及商業資產運營商)	CIA
2019	Real Estate Services Company Worth Focusing by Capital Market (值得資本市場關注的房地產服務商)	CIA
2019/2016	Specialized Operational Leading Brand of China Property Services Company (中國物業服務專業化運營領先品牌企業)	CIA
2018	Top 13 among 2018 Top 100 Property Management Companies in China (2018中國物業服務百強企業十三強)	CIA
2018/2017	NEEQ Exceptional Real Estate Services Company (新三板優秀房地產服務商)	CIA
2018	Leading Property Management Companies in terms of Characteristic Service (中國特色物業服務領先企業)	CIA
2018/2016	Luxury Attitude Award (品味•品位服務獎)	Golden Key International Alliance (金鑰匙國際聯盟)
2017	Top 14 among 2017 Top 100 Property Management Companies in China (2017中國物業服務百強企業十四強)	CIA

## BUSINESS

Year	Award/Recognition	Awarding Entity
2016	Top 16 among 2016 Top Property Management Companies in China (2016中國物業服務百強企業十六強)	CIA
2016/2014	6S Management Innovation Award (6S管理創新獎)	Golden Key International Alliance (金鑰匙國際聯盟)
2016	Outstanding Performance & Contribution in Service Industry in China (中國服務貢獻獎)	Golden Key International Alliance (金鑰匙國際聯盟)
2016	China Leading Property Management Companies in Terms of Customer Satisfaction (中國物業百強滿意度領先企業)	CIA
2015	Top 100 Property Management Companies (物業管理綜合實力百強企業)	China Property Management Institute (中國物業管理協會)
2015	Best Business Model Renovation Property Management Companies (物業管理商業模式創新企業)	China Property Management Institute (中國物業管理協會)
2015	2015 Featured Service Brand of China Property Service (2015中國物業服務特色品牌)	CIA
2015	Third Place of Excellent Research in Property Management (物業管理課題研究優秀成果三等獎)	China Property Management Institute (中國物業管理協會)
2013	Excellent Service Award (金鑰匙國際大獎-年度十大卓越企業)	Golden Key International Alliance (金鑰匙國際聯盟)

## **COMPETITION**

The property management industry in the PRC is highly competitive and fragmented with numerous market participants. According to CIA, our property management services primarily compete against large national property management companies. In 2019, we were ranked 11th among the Top 100 Property Management Companies in China in terms of overall strength, according to CIA. We believe that the PRC property management industry has relatively low entry barriers for the mid-tier and low-end segments but relatively higher entry barriers for the high-end segment. We believe that the principal competitive factors include operation scale, price and quality of services, brand recognition and financial resources.

For more details about the industry and markets that we operate in, please refer to the section entitled “Industry Overview” in this prospectus.

## **SOCIAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS**

We are subject to PRC laws in relation to labor, safety and environment protection matters. In addition, we have established occupational safety and sanitation systems, implemented the ISO9001:2015, ISO14001:2015 and OHSAS18001:2007 standards, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and had not had any incidents which have materially and adversely affected on our operations.

We consider the protection of the environment to be important and have implemented measures in the operation of our businesses to ensure our compliance with all applicable requirements. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties for non-compliance of PRC environmental laws had been imposed on us, and we had not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

## **INSURANCE**

We believe that our insurance coverage is in line with the industry practice in the PRC. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily including (i) liability insurance to cover liabilities for property damages or personal injury suffered by third parties arising out of or related to our business operations, and (ii) property insurance for damages to both movable and immovable property owned by us or in our custody. We require our sub-contractors to purchase accident insurance for their employees who provide services to our Group. And in accordance with our agreements with sub-contractors, the sub-contractors are responsible for all workplace injuries to their employees, except for the injuries directly attributable to us.

We are covered by property and liability insurance policies with coverage features that we believe are customary for similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. For more details, please refer to the section entitled “Risk Factors — Risks Relating to Our Business and Industry — Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter” in this prospectus.

## BUSINESS

### EMPLOYEES

We employed a total of 10,468 full time employees in the PRC as of June 30, 2019. The following table sets forth a breakdown of our employees by functions as of June 30, 2019.

Function	Number of employees	% of total
Property Management . . . . .	9,283	88.7%
Marketing and Operation . . . . .	509	4.9%
Finance Management . . . . .	317	3.0%
Human Resource . . . . .	146	1.4%
Administration . . . . .	126	1.2%
Enterprise Management . . . . .	47	0.4%
Internet Information . . . . .	28	0.3%
Audit and Legal . . . . .	12	0.1%
<b>Total . . . . .</b>	<b>10,468</b>	<b>100.0%</b>

The following table sets forth a breakdown of our employees by geographic locations as of June 30, 2019.

Geographic location	Number of employees	% of total
Sichuan Province . . . . .	5,551	53.0%
East and South China . . . . .	2,286	21.8%
Southwest China (excluding Sichuan Province) . . . . .	1,382	13.2%
Central and North China . . . . .	1,164	11.1%
Others . . . . .	85	0.8%
<b>Total . . . . .</b>	<b>10,468</b>	<b>100.0%</b>

According to the relevant PRC laws and regulations, we make contributions to social insurance fund (including pension fund, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance) and housing provident fund for the benefit of our PRC employees. In 2016, 2017, 2018 and the six months ended June 30, 2019, the total amount of contributions we made for such social insurance was approximately RMB40.1 million, RMB56.2 million, RMB79.4 million and RMB45.5 million, respectively. For the same periods, the total amount of contributions we made for housing provident fund was approximately RMB8.9 million, RMB12.3 million, RMB16.2 million and RMB10.3 million, respectively. During the Track Record Period, our Company and some of our PRC subsidiaries did not make in full contribution to the social insurance fund and housing provident fund as required under applicable PRC laws. Please refer to the section entitled “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to fines for our failure to register for and/or contribute to social insurance fund and housing provident fund on behalf of some of our employees” in this prospectus and the sub-section entitled “— Legal Proceedings and Compliance — Historical Non-compliance Incidents” in this section.

As of the Latest Practicable Date, certain of our employees belonged to the labor union named Sichuan Languang Justbon Services Group Co., Ltd. (四川藍光嘉寶服務集團股份有限公司工會), formerly known as Sichuan Justbon Assets Management Co., Ltd. Labor Union (四川嘉寶資產管理有限公司工會). During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant difficulties in recruiting suitable employees for our business operations. Neither had we had any material disputes with our employees, or experienced any strike, labor disputes or industrial actions that might have a material adverse effect on our business, financial position and results of operations.

We endeavor to hire the most talented employees in the market by offering competitive wages and benefits, systematic training opportunities and internal upward mobility. We provide systematic and extensive training programs to our employees and knowledge of industry quality standards and work place safety standards to enhance their technical and service skills. We provide orientation trainings to new hires, introducing them to our corporate culture, procuring them to adapt to teamwork and showing them videos to visually demonstrate our service standards and procedures. We also assign our experienced managers to serve as mentors to newly hired employees. The mentors provide the fresh graduates with tailored coaching and guidance. We provide online training courses and regular seminars on various aspects of our business operations, such as quality control and customer relationship management, to our employees.

#### **INTERNAL CONTROL AND RISK MANAGEMENT**

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. For details of the major risks identified by our management, please refer to the section entitled “Risk Factors — Risks Relating to Our Business and Industry” in this prospectus. In addition, we face various financial risks, including interest rate, price, credit and liquidity risks that arise during our ordinary course of business. Please refer to the section entitled “Financial Information — Quantitative and Qualitative Analysis about Market Risk” in this prospectus for a discussion of these financial risks.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have adopted or will adopt, among others, the following risk management and internal control measures:

- the establishment of an audit committee responsible for overseeing our financial records, internal control procedures and risk management systems. Please refer to the section entitled “Directors, Supervisors and Senior Management — Board Committees — Audit Committee” in this prospectus for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee;
- the appointment of Mr. Zhang Qiang as our chief financial officer and Mr. Chen Zhenhua and Ms. Tsui Sum Yi as our joint company secretaries to ensure the compliance of our operation with relevant laws and regulations. For their biographical details, please refer to the section entitled “Directors, Supervisors and Senior Management” in this prospectus;
- the appointment of Ballas Capital Limited as our compliance advisor upon the Listing to advise us on compliance with the Listing Rules; and
- the engagement of external legal advisors to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary.

## BUSINESS

Furthermore, we have implemented a bank account and cash management system to manage the cash inflows and outflows of our subsidiaries and branches in their ordinary courses of business. We monitor the work process of our subsidiaries and branches and approve their bank account opening and cash payments at our headquarters. Moreover, our subsidiaries and branches shall deposit all cash received during the 24 hours before 14:00 in their bank accounts. We take stock of the bank accounts and check the cash balances daily and reconcile the accounts monthly to lower the risks associated with cash management. Additionally, we encourage our subsidiaries and branches to settle their transactions through bank transfers to enhance the safety of funds management.

Finally, we adopted before the Global Offering, various internal regulations against corrupt and fraudulent activities, which include measures against receiving bribes and kickbacks, and misuse of company assets. Major measures and procedures to implement such regulations include:

- authorizing our audit department to assume responsibility for daily execution of our anti-corruption and anti-fraud measures, including handling complaints, ensuring whistleblower protection and conducting internal investigations;
- providing anti-corruption compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and including relevant policies and express prohibitions against non-compliance in staff handbooks; and
- undertaking rectification measures with respect to any identified corrupt or fraudulent activities, evaluating identified corrupt or fraudulent activities and proposing and establishing preventative measures to avoid future non-compliance.

Our Directors are of the view that such controls and measures are sufficient and effective to avoid the occurrence of corruption, bribery, or other improper conducts of our employees. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any government investigation or litigation with respect to claims or allegations on monetary and non-monetary bribery activities.

In preparation for the Listing, we had engaged in 2018 an independent internal control advisor to perform an internal control report review (the “**IC Review**”) of our internal control system based on agreed scope. During the course of the IC Review, the internal control advisor identified a number of findings related to our internal control policies and procedures. The table below sets forth the material finding identified and corresponding enhanced measures recommended by the international control adviser.



## BUSINESS

Material finding(s)	Recommended enhanced measure(s)
<ul style="list-style-type: none"> <li>• The Company failed to register for or make adequate contributions to various social insurance, housing funds and other welfare-oriented payment obligations, as required by applicable PRC laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>(i) the human resource department shall submit monthly report on the current status of the Group's social insurance and housing funds to the audit committee;</li> <li>(ii) the Company shall communicate with local human resources, social insurance and housing funds authorities regularly for updated relevant regulatory requirements;</li> <li>(iii) the Company shall provide compliance training to employees to keep them informed on social insurance and housing funds regulations; and</li> <li>(iv) the Company shall assign employees from its human resource department to closely monitor the implementation of relevant measures, especially the payment status of social insurance and housing funds, to ensure the Company make full payment for all of its employees.</li> </ul>

We have taken the internal control enhancement measures recommended by the internal control advisor. The internal control advisor performed a follow-up review on the enhancement measures taken by us in response to the findings and enhancement recommendations from the internal control adviser. After considering the implementation of the enhancement measures and the result of such follow-up review, our Directors are satisfied that our internal control system is adequate and effective for our current operational environment.

### PROPERTIES

As of the Latest Practicable Date, we owned 85 properties, including our parking spaces and commercial properties, in Chengdu, the PRC with an aggregated GFA of approximately 8,337.5 sq.m., which we held for self-use or lease (in the case of parking spaces). We have obtained the building title certificates for all the properties we own.

As of the Latest Practicable Date, we also leased 18 properties in various locations with an aggregated GFA of approximately 7,163.5 sq.m. (approximately 2,486.7 sq.m. from one of our connected persons) for business operations and staff dormitories, or to be used as offices. The total rent we have to pay in the six months ending December 31, 2019 under the lease from such connected person, namely Languang Investment, will be approximately RMB1.0 million.

## BUSINESS

As of the Latest Practicable Date, we had not filed the lease agreements for five out of our 18 leased properties with the local housing administration authorities as required under applicable PRC laws and regulations, primarily due to a lack of cooperation from the landlords in registering the relevant lease agreements, which was beyond our control. We were advised by our PRC Legal Advisor, JunHe LLP, that we might be ordered to rectify this non-compliance by competent authorities and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 per agreement may be imposed on us as a result of such non-filing. The estimated total amount of penalty for our failure to file these five lease agreements is approximately RMB5,000 to RMB50,000. As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to file the lease agreements described above. Our PRC Legal Advisor, JunHe LLP, has advised us that the failure to file the lease agreements would not affect the validity of the lease agreements. For more information relating to risks associated with this non-filing, please refer to the section entitled “Risk Factors — Risks Relating to Our Business and Industry — Some of our lease agreements have not been filed with the relevant PRC authorities, as a result, we might be subject to administrative fines” in this prospectus.

In the event that we are required by the competent authorities to make lease registration, we intend to find alternative locations nearby and relocate within a relatively short time. As we only need to move limited office equipment, the estimated relocation cost is expected to be minimal and insignificant. Given the nature of our business, we do not believe relocation from any of such leased properties would cause any material disruption to our operations. Although we may incur additional relocation costs, our Directors believe that there will not be any material impact on our business, financial position or results of operations.

We had no single property with a carrying amount of 15% or more of our total assets as of the Latest Practicable Date and, therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by Section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

### LICENSES, PERMITS AND CERTIFICATES

We have obtained various licenses and qualifications in respect of our property management services, consultancy services and community value-added services. Our material licences, permits and certificates in the PRC primarily include the followings.

Name of the licences, permits or certificates	Granting authority	Issuance date	Expiration date
Certificate for quality management system (GB/T19001-2016/ISO9001:2015) . . . . .	QAC	January 12, 2017	January 7, 2020
Certificate for occupational health and safety management system (GB/T28001-2011/OHSAS18001:2007) . .	QAC	January 12, 2017	January 7, 2020
Certificate for environmental management system (GB/T24001-2016/ISO14001:2015) . . . . .	QAC	January 12, 2017	January 7, 2020

## **BUSINESS**

As advised by our PRC Legal Advisor, JunHe LLP, our Directors confirm that, as of the Latest Practicable Date, we had obtained all material licenses, approvals and permits from relevant PRC authorities for our operations in the PRC. We had not experienced any material difficulty in renewing such licenses, permits or certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable.

### **LEGAL PROCEEDINGS AND COMPLIANCE**

#### **Legal proceedings**

From time to time we may be involved in legal proceedings or disputes in our ordinary course of business, such as contract disputes with our customers and suppliers. As of the Latest Practicable Date, there was no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations.

## Historical Non-compliance Incidents

We set out below the non-compliance incident(s) relating to us during the Track Record Period.

Non-compliance incidents	Reasons for the non-compliance	Legal consequences and potential maximum penalties	Remedies and rectification measures taken
<p><b>Social insurance fund and housing provident fund</b></p> <p>During the Track Record Period, our Company and seven of our PRC subsidiaries failed to make full contribution to the social insurance and our Company and seven of our PRC subsidiaries failed to make full contribution to housing provident funds for some of our employees as required under applicable PRC laws and regulations. As of June 30, 2019, the aggregate amount incurred and accrued was approximately RMB9.7 million.</p>	<p>These non-compliance incidents were primarily because: (i) some of our employees were migrant workers and not willing to participate in the social welfare schemes of the city in which they migrate temporarily; and (ii) the staff who were formerly in charge of this matter did not fully understand the different regulatory requirements in areas where we operated.</p>	<p>According to the relevant PRC laws and regulations, in respect of overdue social insurance contributions, (a) the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions; and (b) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period.</p>	<p>Our Company and our PRC subsidiaries and branch offices have obtained written and oral confirmations from local social insurance and housing provident fund authorities, namely the Human Resources and Social Security Bureaus, the Management Centers of Social Insurance Fund and the sub-district Social Security Offices of the cities where our subsidiaries are registered, each stating that no administrative penalty has been imposed. We are advised by our PRC Legal Advisor, JunHe LLP, that the relevant written and oral confirmations were issued or made by the competent authorities.</p> <p>We made provisions in the total amount of approximately RMB1.2 million, RMB2.8 million, RMB3.3 million and RMB1.8 million, respectively, on our financial statements in respect of such potential liabilities in 2016, 2017, 2018 and the six months ended June 30, 2019.</p> <p>Our Controlling Shareholder, Languang Hejun, undertakes that in the event that we receive requests from the relevant authorities to pay the overdue social insurance and housing provident funds contributions, or that we are required to pay any late charges or penalties as a result of such overdue contributions, Languang Hejun will pay for us the overdue contributions and any late charges and penalties imposed by the relevant authorities.</p> <p>As of the Latest Practicable Date, we had enhanced internal control measure that requires full compliance with the relevant laws and regulations on social insurance fund and housing provident fund, including, among others, (i) our human resource department shall submit monthly reports to the audit committee in respect of the status of the social insurance and housing provident funds contributions; (ii) we shall communicate with local human resources regularly, social insurance and housing provident fund authorities to get regular updates related to laws on relevant social insurance and housing provident fund; and (iii) we shall conduct legal compliance training of employees to ensure they are aware of relevant social insurance and housing provident fund laws and regulations. We designated certain human resources staff to closely monitor the implementation of such measure, in particular, the payment status of social insurance and housing provident fund to ensure full contribution for all our employees.</p>

Based on the communications with the relevant government authorities, the adjustment of the contribution base is usually made in a designated time each year and such time varies in different regions. As such, we expect to make full contribution for all our employees on an adjusted contribution base in the second half of 2019.

Our Directors are of the opinion that these incidents will not have a material adverse impact on our business or results of operations for the following reasons: (i) the written confirmations obtained from the relevant competent local authorities described above; (ii) we have made provisions in connection with this non-compliance for relevant periods; (iii) we are in the process of establishing an internal control policy to ensure our ongoing compliance with the relevant laws and regulations on social insurance fund and housing provident fund contributions; (iv) the PRC Legal Advisor, JunHe LLP's opinion that such non-compliance incidents will not result in any substantial impediment to the Listing; and (v) our Controlling Shareholder, Languang Group, has undertaken to pay any overdue contributions for us if required by the relevant governmental authorities.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### OVERVIEW

Our Company was established in the PRC as a limited liability company on December 7, 2000 and was converted into a joint stock company with limited liability on August 17, 2015. Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Languang Hejun, will hold approximately 67.48% of our Company's total share capital. Languang Hejun is wholly owned by Languang Development, a listed company on the Shanghai Stock Exchange (stock code: 600466), which in turn is a non-wholly owned subsidiary of Languang Investment. As of the Latest Practicable Date, Languang Investment was owned as to 95.04% by Mr. Yang. Mr. Yang, Languang Investment, Languang Development and Languang Hejun will be our Controlling Shareholders upon completion of the Listing.

The Listing constitutes a spin-off of Languang Development. Pursuant to the Spin-off Circular, the offshore listing of the subsidiaries controlled by domestic listed companies are required to comply with the conditions set out in the Spin-off Circular. As of the Latest Practicable Date, all of the above conditions had been satisfied. As advised by the PRC Legal Advisor, JunHe LLP, our Company has obtained all necessary approvals and authorization in the PRC in relation to the Listing.

### DELINEATION OF BUSINESS

Our Controlling Shareholders control Languang Group. Our Directors are of the view that there is clear delineation between our business and the businesses of Languang Group and as a result, none of the businesses of Languang Group would compete, or are expected to compete, directly or indirectly, with our businesses.

The table below sets forth the principal businesses of our Group and Languang Group as of the Latest Practicable Date:

	Principal business operations
Our Group . . . . .	provision of property management services, consultancy services and community value-added services
Languang Group . . .	property development, cultural tourism, pharmaceutical production and 3D biological printing

Given the differences between the principal business operations of our Group and those of Languang Group, there is a clear delineation between our Group and Languang Group and our Directors are of the view that there is no overlap or competition of the businesses of our Group and those of Languang Group.

As of the Latest Practicable Date, Mr. Yang was also involved in the business of investment and asset management through various companies owned by him other than Languang Group and our Group. Our Directors are of the view that such businesses do not overlap with and therefore would not compete or are expected to compete, directly or indirectly with our businesses.

As of the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our business which would require disclosure under Rule 8.10 of the Listing Rules.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective associates (other than our Group) after the Listing for the following reasons:

#### Management Independence

Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. Three of our non-executive Directors hold various directorships in Languang Group, including Mr. Zhang Qiaolong, Mr. Meng Hongwei and Mr. Wang Wanfeng who serve as non-executive Directors in our Company and directors and members of the senior management in Languang Development.

Other than Mr. Zhang Qiaolong, Mr. Meng Hongwei and Mr. Wang Wanfeng, none of our other Directors holds any directorship or senior management role in Languang Group. Each of Mr. Zhang Qiaolong, Mr. Meng Hongwei and Mr. Wang Wanfeng is a non-executive Director in our Company and will not be involved in the day-to-day management or affairs and operations of our businesses.

The senior management team of our Group comprises Mr. Yao Min (姚敏), Mr. Wu Gang (吳剛), Mr. Chen Jingchao (陳景超), Mr. Zhang Qiang (張強), Mr. Zhang Zhijun (張志軍), Mr. Lv Lianghai (呂良海), Ms. Li Lijuan (李麗娟) and Mr. Chen Zhenhua (陳振華), some of whom have served our Group for many years with over 10 years of working experience in the field of property management service. There is no overlapping personnel between the senior management team of our Group and those of Languang Group.

In the event that the three overlapping Directors are required to abstain from any board meeting of our Company on any matter which may give rise to a potential conflict of interest with Languang Group, the remaining Directors will have sufficient expertise and experience to fully consider any such matter. Notwithstanding the three overlapping Directors, our Directors, including the independent non-executive Directors, are of the view that our Board is able to manage our business independently from Languang Group for the following reasons:

- (a) none of the businesses of Languang Group competes, or is likely to compete, with our business and with the corporate governance measures in place to manage existing and potential conflicts of interest, therefore, the dual roles assumed by the three overlapping Directors in most cases will not affect the requisite degree of impartiality of our Directors in discharging their fiduciary duties owed to our Company;
- (b) we have three independent non-executive Directors, and certain matters of our Company, including continuing connected transactions, must always be referred to the independent non-executive Directors for review and they will confirm in our annual report that our continuing connected transactions have been entered into in our ordinary and usual course of business, are on normal commercial terms or better and on terms that are fair and reasonable and in the interests of our shareholders as a whole; and



## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) in the event of conflict of interests, the relevant Director(s) will abstain from voting and will be excluded from deliberation by our Board. We believe our Directors with no overlapping directorships in Languang Group have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in the event of conflict of interests. Please refer to the section entitled “Directors, Supervisors and Senior Management — Board of Directors” in this prospectus for the relevant experience and qualifications of our Directors.

### **Operational Independence**

We have full rights, hold and enjoy the benefit of all relevant licenses, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Controlling Shareholders and their respective associates and will continue to do so after the Listing.

The majority of the customers of our Group are property owners other than Languang Group. For the six months ended June 30, 2019, approximately 78.7% of the revenue of our Group was generated from customers other than Languang Group.

We generally secure our preliminary management contracts through a standard tender process regulated by applicable PRC laws and regulations. Pursuant to the Interim Measures for Bid-Inviting and Bidding Management of Preliminary Realty Management 《前期物業管理招標投標管理暫行辦法》, a bid evaluation committee shall be established to consider and make decisions on the bids. The committee shall consist of no less than five members, of which the number of independent property management experts other than the representative from the bid inviter shall not be less than two thirds of the total number of the committee members.

After the property owners’ associations have been established by the property owners’ general meeting, the property owners’ associations can be authorized by the property owners’ general meeting to enter into contracts with the property management service providers selected by the property owners’ general meeting. Languang Group does not have any decisive influence over the selection (or replacement) of the property management service provider by individual property owners.

We started to provide property management services for properties developed by third party property developers in 2015. As of June 30, 2019, the total GFA under management pursuant to such type of projects was 36.1 million sq.m., representing 57.1% of the total GFA under our Group’s management.

### ***Licenses required for operation***

We hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business.

### ***Access to customers/suppliers/business partners***

Our Group has a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to the suppliers and other business partners as well.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### ***Operational facilities***

As of the Latest Practicable Date and save as disclosed in the section entitled “Connected Transactions — (A) Continuing Connected Transaction subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders’ Approval Requirement” in this prospectus, all the properties and facilities necessary to our business operations are independent from our Controlling Shareholders and their respective associates.

### ***Employees***

As of the Latest Practicable Date, all of our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programs, advertisements in newspapers, recruiting firms and internal referrals.

### ***Connected transactions with our Controlling Shareholders***

The section entitled “Connected Transactions” in this prospectus sets out the continuing connected transactions between our Group and our Controlling Shareholders or their associated companies which will continue after the completion of the Global Offering. All such transactions are determined after arm’s-length negotiations and on normal commercial terms. In determining the fees for services between our Group and our Controlling Shareholders or their respective associated companies, factors such as location and condition of the project, the service scope, labor and other costs are taken into consideration where applicable. The fees are then determined with reference to prevailing market rates.

As such, we expect that we will be able to maintain the aggregate amounts of the continuing connected transaction with our Controlling Shareholders and their associated companies at a reasonable percentage to our total revenues after the Listing. Accordingly, such continuing connected transactions are not expected to affect our operational independence as a whole.

### ***Financial Independence***

As of the Latest Practicable Date, we did not have any loans due from or due to our Controlling Shareholders and we did not have any share pledges or guarantees provided by our Controlling Shareholders and their respective associates on our borrowing. In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing.

Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective associates.

## **CORPORATE GOVERNANCE MEASURES**

Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free from any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section entitled “Directors, Supervisors and Senior Management — Board of Directors — Independent non-executive Directors” in this prospectus;
- (d) we have appointed Ballas Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors’ duties and corporate governance; and
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole.

## CONNECTED TRANSACTIONS

We have entered into a number of agreements with our connected persons, the details of which are set out below. The transactions disclosed in this section will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon the Listing.

### **(A) CONTINUING CONNECTED TRANSACTION SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS AND EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT**

#### **Master Purchase Agreement**

On June 11, 2019, we entered into a master purchase agreement (the “**Master Purchase Agreement**”) with Languang Investment, pursuant to which our Company agreed to purchase, or procure its subsidiaries to purchase, from members of Languang Group and/or any of their associates (collectively, the “**Languang Investment Group**”) certain products, including but not limited to bottled water, tickets of a theme park in Dujiangyan and processed foods for a term commencing from the Listing Date to December 31, 2021. We re-sell a substantial portion of such products to residents of properties we manage who place orders via the “Justbon Life Pro (嘉寶生活家)” mobile application, by phone or other means. We also give away a small amount of such products to our employees as part of our Group’s employee benefits.

The Languang Investment Group is engaged in manufacturing bottled water, processed food and operating a theme park in Dujiangyan, a well-known tourist spot near Chengdu. For the three years ended December 31, 2018 and the six months ended June 30, 2019, the total purchases of the above-mentioned products by us from the Languang Investment Group amounted to approximately RMB0.04 million, RMB0.6 million, RMB2.3 million and RMB1.3 million, respectively.

The purchase price payable for the purchases shall be determined after arm’s length negotiations with reference to the wholesale price Languang Investment Group offers to Independent Third Parties.

Our Directors estimate that the maximum annual purchase price payable by us pursuant to the Master Purchase Agreement for each of the three years ending December 31, 2021 will not exceed RMB7.1 million, RMB9.4 million and RMB11.8 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- the historical transaction amounts and growth trend during the Track Record Period;
- our estimation of the number of properties to be managed by us based on the total properties we managed during the Track Record Period and our estimation of the increasing demand of residents in the properties we managed for the products concerned;
- the expected increase on demand of our employees and customers for the products; and
- the expected increase in registered users of the “Justbon Life Pro (嘉寶生活家)” mobile application during the Track Record Period.

## CONNECTED TRANSACTIONS

Languang Investment is one of our Controlling Shareholders and therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Master Purchase Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon the Listing.

As each of the applicable ratios under the Listing Rules in respect of the annual caps in relation to the purchases is expected to be less than 5%, the transactions under the Master Purchase Agreement will be exempt from independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

### **(B) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS**

#### **1. Master Property Management Related Services Agreement**

On June 11, 2019, we entered into a master property management related services agreement with Languang Investment (the "**Master Property Management Related Services Agreement**"), pursuant to which we agreed to provide property management services to Languang Investment Group, including but not limited to (i) pre-delivery services including (a) house inspection; and (b) display units and on-site sales office management services; (ii) property management services for properties owned by the Languang Investment Group; (iii) preliminary planning and design consultancy services for property development projects; and (iv) after-sales maintenance services and customer relationship maintenance services (the "**Property Management Related Services**"), for a term commencing from the Listing Date to December 31, 2021.

For the three years ended December 31, 2018 and the six months ended June 30, 2019, the total amount of fees payable by the Languang Investment Group for the Property Management Related Services provided by our Group amounted to approximately RMB214.0 million, RMB269.8 million, RMB322.9 million and RMB203.1 million, respectively.

The fees to be charged for the Property Management Related Services will be determined after arm's length negotiations and taking into account (i) the size, location and positioning of the properties to be sold by the sales centers; and (ii) the anticipated operational costs (including labor costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

Our Directors estimate that the maximum annual fee payable by the Languang Investment Group in relation to the Property Management Related Services to be provided by our Group under the Master Property Management Related Services Agreement for each of the three years ending December 31, 2021 will not exceed RMB514.2 million, RMB609.1 million and RMB678.3 million, respectively.

## CONNECTED TRANSACTIONS

In arriving at the above annual caps of Property Management Related Services, our Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- the historical transaction amounts and growth trend during the Track Record Period;
- the estimated projects to be managed by us based on total projects delivered by the Languang Investment Group during the Track Record Period;
- in respect of the services for property sales venues, our estimation of contracted sales GFA of Languang Investment Group, with reference to the Languang Investment Group's existing land bank, historical sales GFA and historical contracted sales GFA growth rate; and
- the expected aggregate area of properties owned and used by the Languang Investment Group for the three years ending December 31, 2021, estimated based on the total area of properties managed by us during the Track Record Period.

Languang Investment is one of our Controlling Shareholders and therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Master Property Management Related Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon the Listing.

As each of the applicable ratios under the Listing Rules in respect of the annual caps in relation to Master Property Management Related Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Property Management Related Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### 2. Master Car Parking Lots Lease Agreement

On June 11, 2019, we entered into a master car parking lots lease agreement with Languang Development (the "**Master Car Parking Lots Lease Agreement**"), pursuant to which we will lease from Languang Development and its subsidiaries (excluding our Group) and/or any of their associates (collectively, the "**Languang Development Group**") certain car parking lots situated in residential communities which we manage for sub-leasing to residents in those communities. The Master Car Parking Lots Lease Agreement has a term commencing from the Listing Date to December 31, 2021. Relevant members of both parties will enter into separate lease agreements setting out the specific terms and conditions based on the principles provided in the Master Car Parking Lots Lease Agreement.

During the Track Record Period, Languang Development Group leased car parking lots to us for onward subleasing instead of leasing them directly to the residents for the following reasons: (i) the leased car parking lots were situated within the car parking areas of the residential communities we managed and we had sufficient manpower resources and expertise in sub-leasing; (ii) the residents were accustomed to approach us for their leasing needs for car parking lots as we were managing the car parking areas and had access to the landlords; and (iii) it helped reduce the administrative costs and labor costs of Languang Development Group in leasing the car parking lots in large quantities to us. Historically our Group had sub-leased such car parking lots to residents at a premium over the rent paid by our Group to the Languang Development Group. For each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, the total amount of rent



## CONNECTED TRANSACTIONS

payable by our Group to the Languang Development Group for the car parking lots we leased amounted to approximately RMB15.3 million, RMB21.6 million, RMB15.0 million and RMB10.4 million, respectively.

The rent to be paid by our Group under the Master Car Parking Lots Lease Agreement will be determined on arm's length basis with reference to, among others, (i) the prevailing market rent of car parking lots in similar locations; (ii) the occupancy rate of car parking lots leased by our Group from the Languang Development Group; (iii) the location of the car parking lots; and (iv) the number of car parking lots in the same residential communities we manage.

Our Directors estimate that the maximum annual fee payable by us under the Master Car Parking Lots Lease Agreement for each of the three years ending December 31, 2021 will not exceed RMB34.9 million, RMB42.9 million and RMB50.1 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors at the above annual cap which are considered to be reasonable and justifiable in the circumstances:

- the historical transaction amounts and growth trend during the Track Record Period and the total number of car parking lots rented from the Languang Development Group as percentage of the total number of car parking lots owned by the Languang Development Group;
- the terms and conditions, in particular, the rent, under the existing lease agreements; and
- the expected increment in rental, location and expected expansion of the leasing area of the premises to be leased by our Group based on the estimated increasing needs of our Group with reference to our Group's future business development plan.

Languang Development is one of our Controlling Shareholders and therefore a connected person of our Company under the Listing Rules. Accordingly, the transactions under the Master Car Parking Lots Lease Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon the Listing.

As one of the applicable percentage ratios under the Listing Rules in respect of the annual caps in relation to the Master Car Parking Lots Lease Agreement is expected to be more than 5%, the transactions under the Master Car Parking Lots Lease Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **(C) APPLICATION FOR WAIVERS**

The transactions described under the sub-section entitled “— (A) Continuing Connected Transaction subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement” in this section constitute our continuing connected transactions under the Listing Rules which are exempted from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements of the Listing Rules.

The transactions described under the sub-section entitled “— (B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements” in this section constitute our continuing

## CONNECTED TRANSACTIONS

connected transactions under the Listing Rules which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in “— (A) Continuing Connected Transaction subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement” in this section; and (ii) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “— (B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements” in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

### **(D) DIRECTORS' VIEWS**

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under the sub-section entitled “— (A) Continuing Connected Transaction subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement” and “— (B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements” have been and will be carried out: (i) in the ordinary and usual course of our business; (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 our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transactions under the sub-section entitled “— (A) Continuing Connected Transaction subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement” and “— (B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements” in this section are fair and reasonable and are in the interests of our Shareholders as a whole.

### **(E) JOINT SPONSORS' VIEW**

The Joint Sponsors are of the view (i) that the continuing connected transactions described under the sub-section entitled “— (A) Continuing Connected Transaction subject to the Reporting, Annual Review and Announcement Requirements and Exempt from Independent Shareholders' Approval Requirement” and “— (B) Continuing Connected Transactions subject to the Reporting, Annual Review, Announcement and Independent Shareholders' Approval Requirements” have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and (ii) that the proposed annual caps (where applicable) of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The detailed information of our Directors, Supervisors and senior management are listed below. None of the following Directors, Supervisors or senior management has any relationship with any other Directors, Supervisors or senior management.

### BOARD OF DIRECTORS

Our Board which is responsible for the management and conduct of our business consists of nine Directors including three executive Directors, three non-executive Directors and three independent non-executive Directors.

Name	Age	Time of first joining our Group	Position in our Company	Date of appointment as Director	Key responsibilities
<b>Executive Directors</b>					
Yao Min (姚敏)	54	March 2005 <sup>(note 1)</sup>	Chairman of the Board and executive Director	March 16, 2009	Strategic planning and business decisions
Wu Gang (吳剛)	42	March 2009	Executive Director and vice president	November 23, 2018	Management of the housing brokerage business of our Company and overall management of the branch offices in areas other than Southwest China
Chen Jingchao (陳景超)	45	January 2012	Executive Director and vice president	January 29, 2018	Overall management and operations of the market development center
<b>Non-executive Directors</b>					
Zhang Qiaolong (張巧龍)	43	September 2016	Non-executive Director	September 9, 2016	Provision of guidance for the overall development of our Group
Meng Hongwei (孟宏偉)	45	November 2018	Non-executive Director	November 23, 2018	Provision of guidance for the overall development of our Group
Wang Wanfeng (王萬峰)	42	August 2019	Non-executive Director	August 16, 2019	Provision of guidance for the overall development of our Group

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Time of first joining our Group	Position in our Company	Date of appointment as Director	Key responsibilities
<b>Independent Non-executive Directors</b>					
Li Shujian (李書劍)	49	November 2018	Independent non-executive Director	November 23, 2018	Provision of independent advice to our Board
Chan Shing Yee, Joseph (陳承義)	52	November 2018	Independent non-executive Director	November 23, 2018	Provision of independent advice to our Board
Zhang Shouwen (張守文)	52	November 2018	Independent non-executive Director	November 23, 2018	Provision of independent advice to our Board

**Note:**

- (1) Mr. Yao joined Chengdu Justbon Commercial Property Management Co., Ltd. (成都嘉寶商業物業經營管理有限公司) (formerly known as Chengdu Justbon Languang Building Management Co., Ltd. (成都嘉寶藍光大廈管理有限公司)) ("Languang Building Co., Ltd.") in March 2005, a company which was substantially owned by our Company until May 2015.

### Executive Directors

**Mr. Yao Min (姚敏)**, aged 54, was appointed as our Director in March 2009 and as the chairman of the Board in October 2013. Mr. Yao is primarily responsible for the strategic planning and making business decisions for our Group.

Mr. Yao joined our Group in March 2005. From March 2005 to August 2008, he successively served as the deputy general manager, executive deputy general manager and general manager at Languang Building Co., Ltd., where he was responsible for the operations and management of the company. From August 2006 to October 2008, he served as an assistant to the president of our Company and was responsible for the operation and management of the housing brokerage business. From December 2007 to March 2009, he was appointed as our Supervisor. From October 2008 to July 2012, he was appointed as vice president and subsequently promoted to executive vice president and also served as the general manager of the Chengdu branch office, where he was responsible for assisting the president and chairman of the Board to promote our Company's business and the overall operations and management of the Chengdu branch office. Mr. Yao served as our president from July 2012 to July 2019, where he was responsible for the overall operations and management of our Group.

Prior to joining our Group, from August 1983 to September 1989, Mr. Yao worked at Chengdu Bus Factory (成都客車廠). From September 1989 to September 1997, he served as an engineer at Sichuan Automobile Industry Group Company Ltd. (四川汽車工業集團公司), a company mainly engaged in the manufacturing of passenger cars and off-road vehicles, where he was responsible for the design work of electrical engineering. From September 1997 to December 2001, he served as the deputy general manager at Chengdu Jincheng Property Service Co., Ltd. (成都市錦城物業服務有限責任公司) and was responsible for the operations and management of the company. From February 2002 to February 2003, Mr. Yao served as the general manager at Chengdu Huihuang Property Management Co., Ltd. (成都市輝煌物業管理有限公司), where he was responsible for strategic planning and operations and management. From September 2003 to February 2005, he worked at Chengdu Jiajing Asset Management Co., Ltd. (成都佳境資產管理有限責任公司) as executive

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

deputy general manager, where he was responsible for the overall operations and business coordination. Mr. Yao currently serves as the executive partner at Chengdu Jiayu and at Ningbo Jiaqian Corporate Management Partnership (Limited Partner) (寧波嘉乾企業管理合夥企業(有限合夥)), where he is responsible for making strategic decisions and managing overall operations.

Mr. Yao is currently the vice president of the China Property Management Institute (中國物業管理協會), the research fellow of the China Property Management Industry Development Research Center (中國物業管理行業發展研究中心), a committee member of the Standardization Working Committee of the China Property Management Association (中國物業管理協會標準化工作委員會), the vice president and chairman of the property management professional committee of Sichuan Real Estate Association (四川省房地產協會), the vice president and industry special lecturer of the Chengdu Property Management Association (成都市物業管理協會), the intellectual expert on property management at the China Construction News (中國建設報社) and the deputy director of the Application and Promotion Center of Smart Property at the National Smart Building and Residential Area Digitalization and Standardization Technical Committee (全國智能建築及居住區數字化標準化技術委員會). He was an honorary professor of the President Senior Training Course of Property Management at Renmin University of China (中國人民大學) from November 2011 to November 2013.

Mr. Yao was selected by the Chengdu Property Management Association (成都市物業管理協會) as the New Talent of Property Management Industry in Chengdu in March 2005, the Senior Entrepreneur of the Property Service Enterprises in Chengdu in July 2011 and the 10 Best Business Manager in March 2012, by the Organization Committee of the China International Exposition of Housing Industry (中國國際住宅產業博覽會) as the China International (Commercial) Property Management Expert in November 2009, by the Sichuan Real Estate Association (四川省房地產協會) as the Advanced Person in February 2011, by the Sichuan Provincial Department of Housing and Urban-Rural Development (四川省住房和城鄉建設廳) as the Advanced Person in the legal construction of the property management industry in April 2012, by the “Urban Development” Magazine Co., Ltd. (《城市開發》雜誌社有限公司) as the Tutor in October 2015, by the Sichuan Provincial Department of Housing and Urban-Rural Development (四川省住房和城鄉建設廳) as the Property Management Expert in Sichuan in March 2016, by the China Property Management Magazine (《中國物業管理》雜誌社) as an Outstanding Figure in July 2016 and by the Chengdu Urban and Rural Housing Authority (成都市城鄉房產管理局) as the Property Management Professional in Chengdu in January 2018.

Mr. Yao was awarded the Second Prize of Property Management Paper in Chengdu by the Chengdu Property Management Association in January 2003, the Property Management Technology Transformation Innovation Award by Modern Property Management Magazine (現代物業雜誌社) in April 2008 and the Experienced Manager of Property Service Enterprise during the commendation of the 30th Anniversary of Property Management Reform and Development (物業管理改革發展30周年) in October 2011.

Mr. Yao graduated from Sichuan Radio and Television University (四川廣播電視大學) in the PRC, where he completed the curriculum of electro-oxygen engineering in July 1989 and industrial and commercial enterprise management in July 2002. He graduated from The Open University of China (國家開放大學) (formerly known as China Central Radio and Television University (中央廣播電視大學)) in the PRC in April 2006, where he completed the curriculum of business management. Mr. Yao became an electrical engineer in the PRC in October 1995.



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Wu Gang (吳剛)**, aged 42, was appointed as our Director in November 2018 and as vice president in August 2015. He is responsible for the management of the housing brokerage business of our Company and the overall management of the branch offices in areas other than Southwest China.

Mr. Wu joined our Group in March 2009 and successively served as assistant to general manager and the deputy general manager of our Chengdu branch office and the deputy general manager of our Company, where he was responsible for regional development and implementation of the business plans. He currently serves as the legal representative, director and general manager of Chengdu Jiamei and the head of our Wuhan branch office, Qingdao branch office, Hefei branch office and Changsha branch office, respectively, where he is responsible for overall operations and management.

Prior to joining our Group, from February 2002 to January 2009, he successively served as deputy manager and manager at Chengdu Senyu Property Co., Ltd. (成都市森宇物業有限公司), where he was responsible for the management of the Wenjiang Senyu Music Garden Project.

Mr. Wu graduated from The Open University of China (國家開放大學) (formerly known as China Central Radio and Television University (中央廣播電視大學)) in the PRC in July 2009, where he completed the curriculum of business administration. He graduated from Southwest Jiaotong University (西南交通大學) in the PRC in July 2012, where he completed the curriculum of civil engineering through distance learning.

**Mr. Chen Jingchao (陳景超)**, aged 45, was appointed as our Director in January 2018 and as vice president in August 2017. Mr. Chen is primarily responsible for the overall management and operations of the market development centre.

Mr. Chen joined our Group in March 2011 and successively served as the deputy manager, manager and deputy supervisor of the quality management department at our Chengdu branch office and was responsible for property, project and brand management and the management of office buildings and turnkey and move-in furnishing services until December 2012. From December 2012 to December 2013, he successively served as the deputy general manager and general manager of the property service centre and assistant to the general manager at Languang Building Co., Ltd., where he was responsible for the overall operations and management of the projects of Languang Building Co., Ltd. From December 2013 to February 2015, he served as the assistant to the general manager of the residential and commercial property management department of the Company, where he was responsible for assisting the general manager to promote the implementation of plans. From February 2015 to August 2017, he successively served as the deputy general manager, assistant to the general manager and regional president at our Company and was mainly responsible for operations and management of the property management centre, the engineering management centre and the branch offices of the Southwest region and management of the move-in furnishing services.

Prior to joining our Group, from September 1999 to March 2004, Mr. Chen successively served as a property assistant at Guangzhou Jinlilai Chengshi Real Estate Co., Ltd. (廣州金利來城市房產有限公司), Guangzhou Yindie Property Management Co., Ltd. (廣州市銀碟物業管理有限公司) and Shenyang Jinlilai Commercial Building Co., Ltd. (瀋陽金利來商廈有限公司), where he was responsible for property management and management of project construction and operation. From January 2006 to December 2009, he served as property manager at Meizhou Jinlilai Real Estate Development Co., Ltd. (梅州市金利來房地產開發有限公司) and was responsible for project development, construction and post-operation management.



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Chen graduated from Sichuan University of Science and Engineering (四川理工學院) in the PRC, where he completed the curriculum of business management in June 2014 and June 2017, respectively. In September 2016, he completed the curriculum of business management at Sichuan University (四川大學) in the PRC.

### Non-executive Directors

**Mr. Zhang Qiaolong (張巧龍)**, aged 43, was appointed as our Director in September 2016 and non-executive Director in November 2018. Mr. Zhang is primarily responsible for provision of guidance for the overall development of our Group.

Prior to joining our Group, from March 2002 to April 2006, Mr. Zhang successively worked at Sichuan Urban Construction Project Supervision Co., Ltd. (四川省城市建設工程監理有限公司) and Sichuan Dingxin Real Estate Co., Ltd. (四川鼎鑫置業有限責任公司), where he was responsible for project monitoring. He joined Languang Development in July 2006 as structural engineer and subsequently held various positions at subsidiaries of Languang Development, where he was responsible for regional overall management. Since September 2011, he successively served as deputy general manager at Chongqing Languang Hejun Real Estate Co., Ltd. (重慶藍光和駿置業有限公司), chairman of the board of the Chongqing region and Kunming region, vice president, executive vice president and president at Languang Hejun and the vice chairman of the board and president at Languang Development. Mr. Zhang is currently the executive chairman of the board and the president of Languang Development, where he is in charge of business and strategy development and execution, the director of the board at Sichuan Languang Yingnuo Biotechnology Co., Ltd. (四川藍光英諾生物科技股份有限公司), where he is providing guidance to the company's operations and management.

Mr. Zhang graduated from Southwest Petroleum University (西南石油大學) (formerly known as Southwest Petroleum College (西南石油學院)) in the PRC in July 1998, where he completed the curriculum of industrial and civil architecture. Mr. Zhang obtained the Class 1 Registered Architect Certificate and the Registered Supervising Engineer Certificate in the PRC in December 2008 and October 2010, respectively.

**Mr. Meng Hongwei (孟宏偉)**, aged 45, was appointed as our non-executive Director in November 2018. Mr. Meng is primarily responsible for provision of guidance for the overall development of our Group.

From July 1997 to April 2008, Mr. Meng served as deputy director at Huawei Technologies Co., Ltd (華為技術有限公司). From April 2008 to March 2015, Mr. Meng served as assistant to the regional director of Hunan region at New World (China) Real Estate Investment Co., Ltd. (新世界(中國)地產投資有限公司). Mr. Meng joined Languang Development in June 2015 and successively served as general manager of the human resource center and assistant to the president and executive vice president at Languang Hejun, where he is responsible for overall management in human resources and administration. Mr. Meng currently serves as board director and chief human resources officer at Languang Development, board director and executive vice president at Languang Hejun, board director at Chengdu Dikang Pharmaceutical Co., Ltd. (成都迪康藥業股份有限公司) and the legal representative, executive director and general manager at Chengdu Xuanjin Enterprise Management Co., Ltd. (成都炫錦企業管理有限公司).

Mr. Meng graduated from Renmin University of China (中國人民大學) in the PRC in July 1997, where he completed the curriculum of labor economics.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Wang Wanfeng (王萬峰)**, aged 42, was appointed as our non-executive Director in August 2019. Mr. Wang is primarily responsible for provision of guidance for the overall development of our Group.

Prior to joining our Group, from July 2000 to June 2012, Mr. Wang worked at People's Bank of China Chengdu Branch (中國人民銀行成都分行) and successively served as the secretary of Youth League Committee and the deputy minister of the Propaganda Department of Party Committee. From February 2009 to February 2012, he was seconded to work in the General Office of the Sichuan Provincial People's Government (四川省人民政府辦公廳). From May 2012 to May 2017, he served as the deputy governor at Chengdu Rural Commercial Bank Co., Ltd. (成都農村商業銀行股份有限公司) and was responsible for corporate finance business. He joined Languang Development in May 2017 as the director of the board and executive vice president. He currently serves as the vice president and the director of the board at Languang Development and is mainly responsible for financing and fund management of Languang Development and its subsidiaries.

Mr. Wang obtained his bachelor's degree and master's degree in economics and doctor's degree in finance from Southwestern University of Finance and Economics (西南財經大學) in the PRC in July 2000, June 2006 and June 2014, respectively.

### Independent Non-executive Directors

**Mr. Li Shujian (李書劍)**, aged 49, was appointed as our independent non-executive Director in November 2018.

In September 1997, Mr. Li joined Henan Zhenghong Real Estate Co., Ltd. (河南正弘置業有限公司) as the vice president until April 2018, where he was responsible for administration and human resources management, project development and customer services. From October 2008 to April 2018, he served as the chairman of the board at Henan Zhenghong Property Management Co., Ltd. (河南正弘物業管理有限公司), where he was responsible for overall management and operations of the company. Since September 2018, he has been serving as the executive director and general manager at Henan Zhengmei Property Service Co., Ltd. (河南正美物業服務有限公司), where he is primarily responsible for overall management and operations of the company.

Mr. Li has been the Distinguished Professor at Henan University of Animal Husbandry & Economy (河南牧業經濟學院) since June 2013 and was the Visiting Professor at Henan University of Economics and Law (河南財經政法大學) from May 2014 to May 2017.

Mr. Li served as the member of the Standardization Working Committee of the China Property Management Association (中國物業管理協會標準化工作委員會) from November 2015 to November 2018. He currently serves as the vice president at China Property Management Institute (中國物業管理協會) and Zhengzhou Property Management Association (鄭州市物業管理協會), a research fellow at Industry Development Research Centre of China Property Management Institute (中國物業管理協會行業發展研究中心) and a member of National Property Service Standardization Technical Committee (全國物業服務標準化技術委員會).

Mr. Li graduated from Correspondence College of Party School of the Central Committee of C.P.C (中共中央黨校函授學院) in the PRC in December 2003, where he completed the curriculum of law. He graduated from China Europe International Business School (中歐國際工商學院) in the PRC in October 2015, where he obtained a master degree of business administration.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Mr. Chan Shing Yee, Joseph (陳承義)**, aged 52, was appointed as our independent non-executive Director in November 2018.

From July 1989 to April 1994, Mr. Chan worked at Arthur Andersen (安達信會計師事務所), where he was responsible for providing auditing services. From April 1994 to December 2005, he successively served as the planning manager at PepsiCo Inc., a company listed on the National Association of Securities Dealers Automated Quotations (stock code: PEP), as business development and corporate affairs manager at Philip Morris Asia Limited, a company mainly engaged in cigarette and tobacco manufacturing, and as the business development manager at Hutchison Port Group Co., Ltd. (和記港口集團有限公司), a company mainly engaged in port operations, where he was primarily responsible for strategic planning, financial planning and analysis and business development. From January 2006 to July 2010, he served as the managing partner at Finance Street Limited, a company mainly engaged in accounting and private equity services, where he was responsible for private equity and international accounting services. From August 2010 to February 2012, he served as the chief financial officer and company secretary at Yashili International Holdings Ltd (雅士利國際控股有限公司), a company listed on the Stock Exchange (stock code: 1230), where he was responsible for corporate governance, investor relations and finance operations. From August 2012 to July 2014, he served as a general manager of finance at The University of Hong Kong-Shenzhen Hospital (香港大學深圳醫院), where he was responsible for finance operations and management of social insurance and the cashier office of public hospital and promoting cooperation in public healthcare. From March 2015 to May 2017, he served as the executive vice president at OrbusNeich Medical Company Limited (祥豐醫療有限公司), a company mainly engaged in design, development, manufacturing and marketing of medical devices for the treatment of vascular diseases, where he was responsible for establishing corporate governance and business restructuring. He founded MGTC Consulting in May 2018, a management consulting company, and served as the chief executive officer where he is responsible for providing management consulting to private and public sectors.

Mr. Chan was awarded the Silver Award Certificate and the Gold Award Certificate for Volunteer Services (Individual) by the Social Welfare Department in Hong Kong in December 2013 and December 2014, 2015, 2016 and 2017, respectively. He has been appointed as the independent member of the Tender Committee of The Hong Kong Amateur Athletic Association since April 21, 2016, where he is responsible for providing advices to the committee.

Mr. Chan graduated from Hong Kong Polytechnic University in November 1997, where he obtained a bachelor degree in accounting. He graduated from The Chinese University of Hong Kong in December 1999, where he obtained a master degree in business administration. Mr. Chan became a fellow of The Association of Chartered Certified Accountants in the United Kingdom in November 1997 and a fellow of The Hong Kong Society of Accountants in Hong Kong in May 2000.

**Mr. Zhang Shouwen (張守文)**, aged 52, was appointed as our independent non-executive Director in November 2018.

Mr. Zhang worked at the Law School of Peking University (北京大學) as the instructor from July 1994 to August 1997, the associate professor from August 1997 to August 2001 and the professor and doctoral advisor since August 2001. He currently serves as the director of the Institute of Economic Law and the dean of the Institute of Legal and Development of Peking University. He has been serving as an independent director at Sunshine Asset Management Corporation Limited (陽光資產管理股份有限公司) since June 2018, a company mainly engaged in investment management, and at Minmetals Development Co., Ltd. (五礦發展股份有限公司) since September 2018, a company listed on the Shanghai Stock Exchange (stock code: 600058).

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang graduated from Peking University (北京大學) in the PRC, where he obtained a bachelor degree in law and master degree in economic law in July 1989 and July 1994, respectively, and a doctor degree in International law in July 1999.

Save as disclosed above, none of our Directors has any other directorships in listed companies during the three years immediately prior to the date of this prospectus.

Save as disclosed above, each of our Directors has confirmed that there are no other matters relating to his appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

### SUPERVISORS

In accordance with the Company Law of the PRC, all shareholding corporations are required to establish a supervisory committee, responsible for supervising the board of directors and senior management on fulfilling their respective duties, financial performance, internal control management and risk management of the corporation. The Supervisory Committee consists of five members comprising two employee representative Supervisors, one Supervisor representing a Shareholder and two external Supervisors.

The detailed information of our Supervisors are listed below.

Name	Age	Time of joining our Group	Existing position in our Company	Date of appointment as Supervisors	Responsibilities
Wang Xiaoying (王小英)	46	November 2018	President of the Supervisory Committee	November 23, 2018	Presiding the work of the Supervisory Committee, responsible for supervising the Board and the senior management of our Company
Liu Jiang (劉江)	36	June 2017	Employee representative Supervisor	November 23, 2018	Responsible for supervising the Board and the senior management of our Company
Zhao Yang (趙揚)	31	June 2015	Employee representative Supervisor	November 23, 2018	Responsible for supervising the Board and the senior management of our Company
Xu Qingshan (徐青山)	40	November 2018	External Supervisor	November 23, 2018	Responsible for supervising the Board and the senior management of our Company
Liu Deming (劉德明)	50	August 2019	External Supervisor	August 16, 2019	Responsible for supervising the Board and the senior management of our Company

**Ms. Wang Xiaoying (王小英)**, aged 46, was appointed as our Supervisor and the president of the Supervisory Committee in November 2018. Ms. Wang is primarily responsible for presiding the work of the Supervisory Committee, responsible for supervising the Board and the senior management of our Company.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Prior to joining our Group, from January 2002 to October 2007, Ms. Wang served as a deputy manager, assistant to the supervisor, deputy general manager and general manager of the supervision and auditing centre at Languang Investment, where she was mainly responsible for internal control and anti-fraud work. From October 2007 to November 2011, she worked at Languang Hejun and successively served as the deputy general manager of the supervisory audit centre, the deputy general manager of the planning management centre, the deputy general manager and the executive deputy general manager of the budget management centre, and the deputy general manager of the project management centre, where she was mainly responsible for internal supervision, plan management, budget management and project construction management. From November 2011 to February 2014, she successively served as the general manager of the audit and legal affairs centre at Languang Development, Languang Hejun and Languang Investment and was responsible for internal supervision, anti-fraud and legal affairs. Ms. Wang has been serving as the president of the supervisory committee at Languang Development and Languang Hejun since November 2012 and December 2012, respectively, and is responsible for presiding the work of the supervisory committee, supervising the board and the senior management of the company. Ms. Wang is currently a director of the board and general manager at Languang Investment, where she is responsible for overall operations and management.

Ms. Wang obtained an executive master of business administration (EMBA) degree from Southwestern University of Finance and Economics (西南財經大學) in the PRC in December 2015. Ms. Wang is the certified public accountant and the registered asset appraiser in the PRC.

**Mr. Liu Jiang (劉江)**, aged 36, was appointed as our Supervisor in November 2018. Mr. Liu is primarily responsible for supervising the Board and the senior management of our Company. Mr. Liu joined our Group in June 2017 as the deputy general manager of audit and supervision centre, where he is responsible for risk control and audit management.

Prior to joining our Group, from July 2005 to February 2007, Mr. Liu successively served as the office administrator and marketing manager at Sunyouth Environmental Technologies Co., Ltd. (申昱環保科技股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 430527), where he was responsible for marketing management. From March 2008 to February 2012, he served as the director of audit and supervision department at Chengdu Kanghong Pharmaceutical Group Co., Ltd. (成都康弘藥業集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002773), where he was responsible for assisting the supervisor in conducting audit and monitoring. From July 2012 to February 2014, he served as the auditor at Sichuan Dikang Technology Pharmaceutical Co., Ltd. (四川迪康科技藥業股份有限公司), where he was responsible for auditing and monitoring. From February 2014 to June 2017, he served as the audit director at Sichuan Languang Meishang Drinks Co., Ltd. (四川藍光美尚飲品股份有限公司) where he was responsible for risk control and audit team management.

Mr. Liu graduated from Xihua University (西華大學) in the PRC in June 2005, where he obtained a bachelor degree in business administration.

**Mr. Zhao Yang (趙揚)**, aged 31, was appointed as our Supervisor in November 2018. He currently also serves as the deputy general manager of the legal affairs centre in our Company.

Mr. Zhao joined our Group in June 2015 and successively served as the deputy manager, manager and assistant to the general manager of the audit and legal affairs centre until August 2018. Since August 2018, he has been serving as the deputy general manager of the legal affairs centre, where he is responsible for the management of our Company's legal affairs and legal team.



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

From October 2010 to October 2013, Mr. Zhao served as a legal manager at Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (北京東方雨虹防水技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002271), where he was responsible for the legal affairs management of the company. Mr. Zhao served as a legal director at Chengdu Kaisa Property Development Co., Ltd. (成都佳兆業房地產開發有限公司) from October 2013 to April 2015, where he was responsible for the management of legal affairs, surveillance affairs and legal teams of the company and as the deputy legal manager of legal department of audit and legal affairs centre at Languang Development from April 2015 to June 2015, where he was responsible for the legal affairs of the company.

Mr. Zhao graduated from Central South University (中南大學) in the PRC in June 2011, where he obtained a bachelor degree in law. He is currently studying on a part-time basis for a master's degree in law at Sichuan University (四川大學) in the PRC.

**Mr. Xu Qingshan (徐青山)**, aged 40, was appointed as our Supervisor in November 2018. Mr. Xu is primarily responsible for supervising the Board and the senior management of our Company.

From July 2002 to August 2009, Mr. Xu successively served as an officer of the president's office, the director of the administrative office and the deputy director of the president's office at Zhuoda Group Co., Ltd. (卓達集團有限公司), a company mainly engaged in property development, where he was primarily responsible for administrative management and daily affairs. He joined Zhuoda Property Services Co., Ltd. (卓達物業服務股份有限公司) in September 2009 as the deputy general manager and then was promoted to general manager in August 2011, where he is primarily responsible for the overall operations and management of the company.

Mr. Xu graduated from Shi Jia Zhuang University of Applied Technology (石家莊職業技術學院) in the PRC in July 2002, where he obtained a diploma in modern secretarial.

**Mr. Liu Deming (劉德明)**, aged 50, was appointed as our Supervisor in August 2019. Mr. Liu is primarily responsible for supervising the Board and the senior management of our Company.

Prior to joining our Group, from August 1991 to April 2004, Mr. Liu successively served as an editor at Shandong Dazhong News Group Limited (山東大眾報業(集團)有限公司), a company primarily engaged in newspaper publication, a manager of property management department at Dazhong News Group (大眾報業集團) and a general manager at a property management company affiliated to Dazhong News Group (大眾報業集團). Since April 2004, Mr. Liu has been serving as the chairman of the board at Shandong Mingde Property Management Group Co., Ltd. (山東明德物業管理集團有限公司) ("**Shandong Mingde**"), a company primarily engaged in property management for properties owned by higher education institutions, hospitals and local governments in various provinces including Shandong, Heilongjiang, Anhui and Yunnan, where he is responsible for its overall strategic planning. In September 2016, Mr. Liu joined A-living Services Co., Ltd. (雅居樂雅生活服務股份有限公司), a company listed on the Stock Exchange (stock code: 3319), as the chief executive officer and was appointed as an executive director in July 2017, where he was responsible for overall business operations and management, major decision making and executing the board's decisions until November 2018.

Mr. Liu currently serves as a director in Shandong Minde and its certain subsidiaries.



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Liu is currently a member of the National Property Service Standardization Technical Committee (全國物業服務標準化技術委員會), the research fellow at the Industry Development Research Centre of China Property Management Association (中國物業管理協會行業發展研究中心) and the vice chairman of the China Property Management Institute (中國物業管理協會). From November 2015 to November 2018, Mr. Liu served as a member of the Expert Committee of the Standardization Working Committee of China Property Management Association (中國物業管理協會標準化工作委員會專家委員會).

Mr. Liu obtained his bachelor's degree in literature from Qufu Normal University (曲阜師範大學) in the PRC in July 1991. He became the Registered Property Manager in the PRC in April 2014.

Save as disclosed above, none of our Supervisors has any other directorships in listed companies during the three years immediately prior to the date of this prospectus.

Save as disclosed above, each of our Supervisors has confirmed that there are no other matters relating to his/her appointment as a Supervisor that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

### SENIOR MANAGEMENT

The president and other members of the senior management of our Group, together with Mr. Yao Min, Mr. Wu Gang and Mr. Chen Jingchao, are responsible for the day-to-day operations and management of the business of our Group. Please refer to the paragraph entitled “— Executive Directors” in this section for the biographical details of Mr. Wu Gang and Mr. Chen Jingchao. Members of the senior management of our Group also include the following:

Name	Age	Time of joining our Group	Position in our Company	Date of appointment as senior management	Key Responsibilities
Liu Xia (劉俠)	40	July 2002 <sup>(note 1)</sup>	President	July 31, 2019	Overall operations and management of our Group
Zhang Qiang (張強)	41	August 2018	Chief financial officer	August 27, 2018	Overall management of the financial resources and bidding procurement of the Group
Zhang Zhijun (張志軍)	46	June 2017	Vice president	June 26, 2017	Overall management of the human resources, IT services, strategic branding and administrative affairs
Lv Lianghai (呂良海)	38	February 2015	Vice president	May 25, 2018	Quality control of the main business and value-added services of our Group
Li Lijuan (李麗娟)	43	August 2016	Vice president and chief risk officer	November 23, 2018 and January 2017, respectively	Risk management and legal compliance of our Group
Chen Zhenhua (陳振華)	32	November 2018	Vice president and joint company secretary	November 23, 2018	Listing and securities affairs, information disclosure and capital operation

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

*Note:*

- (1) Mr. Liu joined our Group in July 2002 and served in various management positions until July 2013 and rejoined our Group in October 2014 as the general manager until January 2015. He was appointed as the president of our Group in July 2019.

**Mr. Liu Xia (劉俠)**, aged 40, was appointed as our president in July 2019 and is primarily responsible for overall operations and management of our Group.

Mr. Liu joined our Group in July 2002 and acquired a range of experiences in human resources management, administrative management and property management in several senior management positions, including assistant to the president, director of human resources department and general manager of our Company until July 2013. He rejoined our Group in October 2014 as the general manager until January 2015, where he was responsible for overall operations and management of our Group.

Prior to rejoining our Group, from August 2013 to March 2014, Mr. Liu served as the general manager at Chengdu Rixin Weiye Real Estate Co., Ltd. (成都日新偉業置業有限公司), a company mainly engaged in real estate development, where he was responsible for company's overall operation and management. In January 2015, he joined Sichuan Languang Business Management Co., Ltd. (四川藍光商業經營管理有限公司), a subsidiary of Languang Hejun, as the president until July 2016, then was promoted to the vice chairman of the board in July 2016 and further promoted to the chairman of the board in November 2017, where he was responsible for overall strategic planning, operational management and business decisions until July 2019.

Mr. Liu obtained his bachelor's degree in law from Southwest University for Nationalities (西南民族大學) (formerly known as Southwest College for Nationalities (西南民族學院)) in the PRC in July 2001. He obtained his master's degree in business management from Sichuan University (四川大學) in the PRC in December 2013. He completed the curriculum of the internet and e-commerce in Tsinghua University Shenzhen Graduate School (清華大學深圳研究生院) in the PRC in December 2016.

**Mr. Zhang Qiang (張強)**, aged 41, was appointed as our chief financial officer when he joined our Group in August 2018 and is responsible for overall management of the financial resources and bidding procurement of the Group.

Prior to joining our Group, from December 2005 to June 2015, Mr. Zhang successively served as the chief financial officer of the representative office at Huawei Technologies Co., Ltd (華為技術有限公司), a global provider of information and communications technology infrastructure and smart devices, where he was responsible for the financial management of overseas representative office, and as the financial director at Country Garden Holdings Company Limited (碧桂園控股有限公司), a company listed on the Stock Exchange (stock code: 2007), where he was responsible for the financial management of the supporting industry of the group. From January 2016 to November 2016, he served as the vice president and chief financial officer at Foshan BATF Industrial Co., Ltd. (佛山市巴德富實業有限公司), a company mainly engaged in the production and sales of emulsions and adhesives, where he was responsible for the management of financial funds and audit affairs. From December 2016 to August 2017, he served as the vice president and chief financial officer at Shenzhen Poly Property Management Group Limited (深圳市保利物業管理集團有限公司), where he was responsible for the management of financial funds and legal and audit affairs.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang graduated from Wuhan University of Science and Technology (武漢科技大學) in the PRC in July 2000, where he obtained a bachelor degree in accounting. He obtained a master degree in accounting from Wuhan University (武漢大學) in the PRC in July 2007. Mr. Zhang was admitted as the Fellow of the Chartered Institute of Management Accountants (FCMA) and also awarded by this institution as the Chartered Global Management Accountant CGMA in July 2015.

**Mr. Zhang Zhijun (張志軍)**, aged 46, was appointed as our vice president when he joined our Group in June 2017 and is responsible for overall management of the human resources, IT services, strategic branding and administrative affairs.

Prior to joining our Group, from June 1998 to October 2009, he worked at China Vanke Co., Ltd. (萬科企業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000002) and the Stock Exchange (stock code: 2202), where he was mainly responsible for human resources management. From July 2010 to November 2016, he successively served as the general manager and the chairman of the board at Langfang Economic and Technological Development Area Tianquan Drilling Engineering Co., Ltd. (廊坊開發區天泉鑽井工程有限公司), a company mainly engaged in drilling project construction. He joined Languang Development in December 2016 as the general manager of the human resources centre until June 2017.

Mr. Zhang graduated from Tianjin University (天津大學) in the PRC in July 1995, where he obtained a bachelor degree in management information systems.

**Mr. Lv Lianghai (呂良海)**, aged 38, was appointed as our vice president in May 2018. Mr. Lv is primarily responsible for quality control of the main business and value-added services of our Group.

Mr. Lv joined our Group in February 2015 as the deputy general manager and general manager of property management centre of our Company, where he was responsible for department operations and management until June 2016. He served as the assistant to general manager and the deputy general manager of Chengdu branch office from June 2016 to August 2017, where he was responsible for the implementation of business operations and management solutions. From August 2017 to May 2018, he served as the assistant to the president, where he was responsible for assisting the president in the development and implementation of strategic planning and annual business plans.

Prior to joining our Group, from February 2007 to May 2014, he served as a quality manager at Chengdu Longfor Property Service Co., Ltd. (成都龍湖物業服務有限公司), where he was responsible for quality management of property services and standardization management. He subsequently served as the assistant to general manager at Guangzhou Tianli Property Management Co., Ltd. (廣州天力物業管理有限公司), where he was responsible for quality management of property services and business planning until January 2015.

Mr. Lv graduated from Sichuan Radio and Television University (四川廣播電視大學) in the PRC in June 2005, where he completed the curriculum of administration management. He graduated from Beijing International University (北京外事研修學院) in the PRC in July 2008, where he completed the curriculum of property management.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**Ms. Li Lijuan (李麗娟)**, aged 43, was appointed as the chief risk officer in January 2017 and our vice president in November 2018 and is responsible for risk management and legal compliance of our Group. Ms. Li joined our Group as the assistant to the general manager in August 2016, where she was responsible for assisting the general manager in formulating our Company's business strategy from the legal and financial perspective.

Prior to joining our Group, from December 1998 to December 2007, Ms. Li served as a manager of financial department at Sichuan Cable TV Network Co., Ltd. Leshan Branch Office (四川省有線廣播電視網絡股份有限公司樂山分公司), where she was responsible for financial system construction, investment management, financial management and accounting. From January 2008 to June 2016, she worked at Sichuan Jinjiao Property Development Co., Ltd. (四川金嬌房地產開發有限公司) as the deputy general manager, where she was responsible for financial management, administrative management, cost monitoring and contract management. She joined Languang Development in June 2016 and served as the deputy general manager of the audit and legal affairs centre, where she was responsible for financial operations and auditing until August 2016. Ms. Li currently serves as the supervisor at Sichuan Languang Culture Tourism Industry Co., Ltd. (四川藍光文化旅游產業有限公司), at Hangzhou Lvyu and at Shanghai Zhenxian, where she is responsible for supervising the Board and the senior management of the company.

Ms. Li graduated from Yili Kazakh Autonomous Prefecture Finance and Trade School (伊犁哈薩克自治州財貿學校) in the PRC in July 1993, where she completed the curriculum of corporate finance. She obtained an executive master of business administration (EMBA) degree from Southwestern University of Finance and Economics (西南財經大學) in the PRC in February 2016. Ms. Li became a Senior Project Manager certified 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) in December 2013 and a Senior Economist certified by the Inner Mongolia Autonomous Region Office of Human Resources and Social Security (內蒙古自治區人力資源和社會保障廳) in October 2016.

**Mr. Chen Zhenhua (陳振華)**, aged 32, was appointed as our vice president and secretary of our Board when he joined our Group in November 2018 and subsequently appointed as the joint company secretary.

From July 2008 to December 2010, Mr. Chen served as an account manager at China Merchants Bank Lanzhou Branch (招商銀行蘭州分行) and was mainly engaged in the retail business of commercial bank. From February 2012, Mr. Chen started to work at Lanzhou Huanghe Enterprise Co., Ltd. (蘭州黃河企業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000929), from August 2012 to April 2015, he served as the securities affairs representative where he was responsible for securities affairs and information disclosure. From May 2015 to August 2018, he worked at Wuhu Shunrong Sanqi Interactive Entertainment Network Technology Co., Ltd. (蕪湖順榮三七互娛網絡科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002555), as an assistant to the secretary of the board and securities affairs representative and was responsible for capital operations, investor relations and information disclosure. He joined Languang Development in August 2018 as the director of the board office, where he was responsible for capital operations until November 2018.

Mr. Chen graduated from Nankai University (南開大學) in the PRC in June 2008, where he obtained a bachelor degree in finance. He became a qualified secretary of the board awarded by the Shenzhen Stock Exchange in July 2012 and by Shanghai Stock Exchange in November 2014. Mr. Chen obtained the legal professional qualification certificate in the PRC and is a PRC Certified Public Accountant.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### JOINT COMPANY SECRETARY

**Mr. Chen Zhenhua (陳振華)**, aged 32, was appointed as our joint company secretary on November 23, 2018. For details of Mr. Chen, please refer to “Senior Management — Mr. Chen Zhenhua (陳振華)” in this section.

**Ms. Tsui Sum Yi (徐心兒)**, aged 33, was appointed as our joint company secretary on November 23, 2018.

Ms. Tsui currently serves as an assistant manager at Vistra Corporation Services (HK) Limited, where she is responsible for providing a full range of company secretarial and compliance services to listed and private companies. Prior to joining Vistra (Hong Kong) Limited in October 2015, she served as an assistant in the secretarial division of Kingston C.P.A. Limited (成業會計師有限公司) from June 2007 to May 2010, a company secretary in Gary Cheng Secretaries Limited (加多利秘書有限公司) from May 2010 to October 2011, a secretarial officer in KCS Hong Kong Limited (凱譽香港有限公司) from November 2011 to October 2014 and a company secretarial officer in Country Garden Group from January 2015 to September 2015. Since April and August 2017 and May 2018, respectively, she has been serving as the company secretary at Icicle Group Holdings Limited (冰雪集團控股有限公司), a company listed on the Stock Exchange (stock code: 8429), at Pentamaster International Limited (檳傑科達國際有限公司), a company listed on the Stock Exchange (stock code: 1665) and at TIL Enviro Limited (達力環保有限公司), a company listed on the Stock Exchange (stock code: 1790).

Ms. Tsui graduated from The Open University of Hong Kong (香港公開大學) in Hong Kong, where she obtained a bachelor of business administration in corporate administration in June 2010 and master degree in corporate governance in June 2013, respectively. She has been an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom since October 2013.

### BOARD COMMITTEES

#### Audit Committee

We have established an audit committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

The audit committee consists of five members, namely Mr. Chan Shing Yee, Joseph, Mr. Li Shujian, Mr. Zhang Shouwen, Mr. Zhang Qiaolong and Mr. Wang Wanfeng. The chairman of the audit committee is Mr. Chan Shing Yee, Joseph, who is an independent non-executive Director with the appropriate accounting and related financial management expertise.

#### Remuneration Committee

We have established a remuneration and appraisal committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration and appraisal committee are to establish, review and provide advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time-to-time.

The remuneration and appraisal committee consists of five members, namely Mr. Li Shujian, Mr. Chan Shing Yee, Joseph, Mr. Zhang Shouwen, Mr. Yao Min and Mr. Meng Hongwei. The chairman of the remuneration and appraisal committee is Mr. Li Shujian.

### Nomination Committee

We have established a nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; assess the independence of our independent non-executive Directors and make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The nomination committee consists of five members, namely Mr. Yao Min, Mr. Li Shujian, Mr. Chan Shing Yee, Joseph, Mr. Zhang Shouwen and Mr. Chen Jingchao. The chairman of the nomination committee is Mr. Yao Min.

### BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diversified Board and sees increasing diversity at Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, ethnicity, experience, independence and knowledge. We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Company. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into account our board diversity policy and other factors. Our Company will also take into consideration our own business model and specific needs from time to time. 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.

After Listing, the nomination committee of our Board will review the board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules after Listing.

### COMMUNIST PARTY COMMITTEE

Our Company has established the committee of Communist Party of China (the "Committee"). The role and scope of authority for the Committee include the following:

- (i) to ensure and supervise our Company's implementation of principles and policies, laws and regulations promulgated by the Communist Party of China and the State



## **DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

Council, and to research and adopt measures for the promotion and implementation of such guidelines and policies;

- (ii) to formulate the work plan of the Committee, and support the trade union of our Company and the Communist Youth League of China to carry out their work independently;
- (iii) to lead the improvement of conduct and uphold the integrity of the Communist Party of China;
- (iv) to educate and manage party members of the Communist Party of China within our Group and further recruit new party members within our Group; and
- (v) to participate in discussions on matters relating to the development, reform and stability of our Company and provide constructive advice.

### **COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

Our Directors and Supervisors receive compensation from our Company in the form of salaries, housing allowance and contributions to a retirement benefit scheme.

The remuneration (including fees, salaries, housing allowance and contributions to a retirement benefit scheme and other allowance and benefits in kind) paid to our Directors and Supervisors in aggregate for the three years ended December 31, 2018 and the six months ended June 30, 2019 were approximately RMB3.2 million, RMB4.2 million, RMB8.2 million and RMB8.8 million, respectively.

The remuneration (including wages, salaries and bonuses, pension costs, housing funds, medical insurance and other social insurances and share-based payment) paid to our Group's five highest paid individuals included two, three, four and three directors and supervisors for the three years ended December 31, 2018 and the six months ended June 30, 2019, respectively. The remuneration payable to the remaining three, two, one and two individuals during the Track Record Period were approximately RMB2.0 million, RMB1.6 million, RMB1.4 million and RMB2.9 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company as a compensation for loss of office in respect of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019.

None of our Directors had waived or agreed to waive any remuneration during the Track Record Period. Pursuant to the existing arrangements that are currently in force as of the date of this prospectus, the amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Company for the year ending December 31, 2019 is approximately RMB12.0 million in aggregate.

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

Save as disclosed above, no other payments had been made, or are payable, by any member of our Group to our Directors during the Track Record Period. For additional information on our Directors' remuneration during the Track Record Period as well as

## **DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

information on the highest paid individuals, please refer to Notes 9 and 34 in the Accountant's Report set out in Appendix I to this prospectus.

### **COMPLIANCE ADVISOR**

Our Company has appointed Ballas Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The material terms of the compliance advisor's agreement entered into between our Company and the compliance advisor are as follows:

- (a) the compliance advisor shall provide our Company with services including guidance and advice as to compliance with the requirement of the Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Stock Exchange;
- (b) our Company may terminate the appointment of the compliance advisor by giving a no less than 30 days' prior written notice to the compliance advisor. Our Company will exercise such right in compliance with Rule 3A.26 of the Listing Rules. The compliance advisor will have the right to terminate its appointment as compliance advisor under certain specific circumstances and upon notification of the reason of its resignation to the Stock Exchange; and
- (c) during the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance advisor on a timely basis in the following circumstances:
  - i before the publication of any regulatory announcement, circular or financial report;
  - ii where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
  - iii where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and
  - iv where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

### **CORPORATE GOVERNANCE CODE**

We aim to achieve high standards of corporate governance which are crucial to our development and would safeguard the interests of our Shareholders. To accomplish this, save as the deviation from code provision A.2.1 of the Corporate Governance Code as disclosed above, we expect to comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules and the associated Listing Rules after the Listing.

## SHARE CAPITAL

As of the Latest Practicable Date, the registered share capital of our Company was RMB128,748,460, divided into 128,748,460 Shares, with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the completion of the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage of total share capital
128,748,460	Domestic Shares. . . . .	75%
42,916,200	H Shares to be issued under the Global Offering . . . . .	25%
171,664,660		100%

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately after the completion of the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage of total share capital
128,748,460	Domestic Shares. . . . .	72.29%
49,353,700	H Shares to be issued under the Global Offering . . . . .	27.71%
178,102,160		100%

### PUBLIC FLOAT REQUIREMENTS

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total Issued shares must at all times be held by public; and (ii) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued shares. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued shares and must have an expected market capitalization at the time of listing of not less than HK\$50 million.

Based on the information in the above tables, our Company will meet the public float requirement under the Listing Rules after the completion of the Global Offering (whether or not the Over-allotment Option is exercised in full). We will make appropriate disclosure of our public float and confirm the sufficiency of our public float in successive annual reports after the Listing.

The above tables assume the Global Offering becomes unconditional and is completed.

## SHARE CAPITAL

### SHARE CLASSES

Upon the completion of Global Offering, the Shares of our Company will be divided into two categories: Domestic Shares and H Shares. The two classes of Shares are both ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect or other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Domestic Shares, on the other hand, can be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors. We must pay all dividends in respect of H Shares in Hong Kong dollars, all dividends in respect of Domestic Shares in RMB.

Except as described above and in relation to the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, methods of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in Appendix IV to this prospectus, our Domestic Shares and H Shares will rank equally with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus (save for the dividends payment in RMB for Domestic Shares, in foreign currency except for RMB for unlisted Shares and in Hong Kong dollars for H Shares). However, the transfer of unlisted Shares is subject to such restrictions as PRC laws may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months from the Listing Date. We have not approved any share issue plan other than the Global Offering.

### CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

We have two classes of ordinary shares, unlisted Shares and H Shares. According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our unlisted Shares may be converted into H Shares, and such converted shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our unlisted Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional Shares after our Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our Listing in Hong Kong.

## SHARE CAPITAL

No Shareholder voting by class is required for the listing and trading of the converted shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of any proposed transfer.

In view of the above, our PRC Legal Advisor, JunHe LLP, has advised us that the Articles of Association of our Company does not contradict any PRC laws and regulations in the conversion of unlisted Shares.

### TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The Company Law provides that in relation to the public offering of a company, the shares issued prior to the public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are listed on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date.

Please refer to “Underwriting — Underwriting Arrangements and Expenses — Undertakings to the Stock Exchange pursuant to the Listing Rules—Undertaking by the Controlling Shareholders” for details of the lock-up undertaking given by the Controlling Shareholders to the Stock Exchange. Please refer to “Underwriting — Underwriting Arrangements and Expenses — Undertakings to the Hong Kong Underwriter pursuant to the Hong Kong Underwriting Agreement” for details of the lock-up undertaking given by the Controlling Shareholders under the Hong Kong Underwriting Agreement.

### INCREASE IN SHARE CAPITAL

As advised by our PRC Legal Advisor, JunHe LLP, pursuant to the Articles of Association and subject to the requirements of relevant PRC laws and regulations, our Company, upon the Listing of our H Shares, is eligible to enlarge its share capital by issuing either new H Shares or new unlisted Shares on condition that such proposed issuance shall be approved by a special resolution of Shareholders in general meeting and by holders of Shares of that class of Shareholders whose interest is affected in a separate meeting conducted in accordance with the provisions of the Articles of Association and that such issuance complies with the Listing Rules and other relevant laws and regulations of Hong Kong. To adopt a special resolution of Shareholders in general meeting, more than the two thirds votes represented by the Shareholders (including proxies) present at the general meeting must be exercised in favor of the resolution. Resolutions of a class of Shareholders shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the class Shareholders’ meeting.

### REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with CSDCC within 15 Business Days upon the listing and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted Shares as well as the current offering and listing of shares.

### CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

For details of circumstances under which our Shareholders’ general meeting and class Shareholders’ meeting are required, please refer to “Shareholders’ General Meeting” under “Appendix IV — Summary of the Articles of Association” in this prospectus.

## SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, as of the Latest Practicable Date and immediately prior to and following the completion of the Global Offering (taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the following persons have interests or short positions in our Shares or underlying Shares which fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

Name of Shareholder	Nature of Interest	Class of Shares	Shares held as of the Latest Practicable Date and immediately prior to the Global Offering <sup>(1)</sup>		Shares held in the total share capital of the Company immediately following the completion of the Global Offering <sup>(1)</sup>	
			Number	Percentage (approx.)	Number	Percentage (approx.)
Mr. Yang <sup>(4)</sup> . . . . .	Interest in controlled corporations	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	67.48%
Languang Investment <sup>(4)</sup> . . . . .	Interest in controlled corporations	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	67.48%
Languang Development <sup>(3)</sup> . . . . .	Interest in controlled corporations	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	67.48%
Languang Hejun <sup>(2)</sup> . . . . .	Beneficial owner	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	67.48%
Mr. Yao Min <sup>(5)(6)</sup> . . . . .	Interest in controlled corporations	Domestic Shares	10,921,660 (L)	8.48%	10,921,660 (L)	6.37%

**Notes:**

- (1) The letter "L" denotes the person's long position in our Shares.
- (2) Languang Hejun is a wholly-owned subsidiary of Languang Development. By virtue of the SFO, Languang Development is deemed to be interested in Shares held by Languang Hejun.
- (3) Languang Development is owned as to 47.65% by Languang Investment. By virtue of the SFO, Languang Investment is deemed to be interested in Shares held by Languang Development.
- (4) Languang Investment is owned as to 95.04% by Mr. Yang. By virtue of the SFO, Mr. Yang is deemed to be interested in Shares held by Languang Investment.
- (5) Mr. Yao Min is the general partner of Chengdu Jiayu, Mr. Yao is deemed under the SFO to be interested in the shares held by Chengdu Jiayu.
- (6) Mr. Yao Min is the general partner of Ningbo Jiaqian Corporate Management Partnership (Limited Partner) (寧波嘉乾企業管理合夥企業(有限合夥)) ("Ningbo Jiaqian"). Mr. Yao is deemed under the SFO to be interested in the shares held by Ningbo Jiaqian.

Except as disclosed above, our Directors are not aware of any person will, immediately prior to and following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have interests or short positions in any Shares or underlying Shares, which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.



## FINANCIAL INFORMATION

***You should read the following discussion and analysis in conjunction with our consolidated financial information set forth in the Accountant's Report included as Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with HKFRS.***

***The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experiences and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please refer to the sections entitled "Risk Factors" and "Forward-looking Statements" in this prospectus.***

### OVERVIEW

We are a leading property management service provider in Southwest China and Sichuan Province with a fast growth track record. In Southwest China and Sichuan Province, we had a total GFA under management of approximately 41.6 million sq.m. and 33.4 million sq.m., respectively, as of December 31, 2018, which ranked us fourth and first, respectively among the Top 100 Property Management Companies in China in 2019 in terms of GFA under management in these two regions as of the same date, according to CIA. According to CIA, we were ranked first and 11th among the Top 100 Property Management Companies of Sichuan Province and China in 2019, respectively, in terms of overall strength\*. Through organic growth as well as mergers and acquisitions, we achieved rapid business expansion during the Track Record Period. Our GFA under management increased from approximately 24.2 million sq.m. as of December 31, 2016 to approximately 60.6 million sq.m. as of December 31, 2018, representing a CAGR of 58.2%, compared to the average CAGR of the Top 100 Property Management Companies of 16.7% for the same period, and further increased to approximately 63.3 million sq.m. as of June 30, 2019. We were recognized as a "2019 Specialized Operational Leading Brand of China Property Services Company (2019 中國物業服務專業化運營領先品牌企業)" by CIA with a brand value of approximately RMB4.0 billion.

Our three business lines, namely, property management services, consultancy services and community value-added services, form an integrated service spectrum covering the entire chain of property management.

- ***Property Management Services*** – We provide property developers, property owners and residents with a wide range of property management services, including, among others, security, cleaning, greening and gardening, repairs and maintenance services. Our portfolio of managed properties comprises (i) residential properties and (ii) non-residential properties (including shopping malls, office buildings, industrial parks and hotels). We collect property management fees for such services. During the Track Record Period, substantially all of our property management fees were charged on a lump sum basis, with only a very small portion charged on a commission basis.

\* CIA publishes the Top 100 Property Management Companies on an annual basis, a ranking of property management companies in the PRC in terms of overall strength based on data from the previous year on key factors such as management scale, operational performance, service quality, growth potential and social responsibility. For more information, see "Industry Overview — CIA and its Methodologies" in this prospectus.

## FINANCIAL INFORMATION

- *Consultancy Services* – We also offer consultancy services to property developers, property owners and other property management companies, which include (i) preliminary planning and design consultancy services for property development projects, (ii) sales assistance services, (iii) home inspection services, and (iv) on-site consultation and advice to selected local property management companies, enabling them to deliver better services to their clients. We collect consultancy fees for such services.
- *Community Value-added Services* – Our community value-added services aim to provide property owners and residents with access to a wide range of products and services through a variety of channels, bringing more convenience to them and enhance their living experience.

As a result of the synergies among three business lines and our diversified portfolio of managed properties, our business grew rapidly during the Track Record Period. Our revenue increased from approximately RMB658.2 million in 2016 to approximately RMB1,464.5 million in 2018, representing a CAGR of 49.2%, compared to the average CAGR of the Top 100 Property Management Companies of 18.8% for the same period; our net profit increased from approximately RMB101.4 million in 2016 to approximately RMB296.9 million in 2018, representing a CAGR of 71.1%, compared to the average CAGR of the Top 100 Property Management Companies of 25.6% for the same period. Our revenue increased by 58.8% from RMB587.7 million for the six months ended June 30, 2018 to approximately RMB933.3 million for the same period in 2019. Our net profit increased by 108.0% from approximately RMB89.8 million for the six months ended June 30, 2018 to approximately RMB186.8 million for the same period in 2019.

### BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with HKFRS. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets and liabilities at fair value through profit or loss.

The preparation of historical financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial statements are disclosed in Note 4 of the Accountants' Report in Appendix I to this prospectus.

We adopted a full retrospective application of HKFRS 15 "Revenue from Contracts with Customers" (which replaces the previous revenue standards HKAS 18 "Revenue" and HKAS 11 "Construction Contracts," and the related interpretation on revenue recognition) and HKFRS 9 "Financial Instruments" (which replaces the whole of HKAS 39 "Financial Instruments: recognition and measurement"), which have been applied on a consistent basis throughout the Track Record Period. We believe that the adoption of HKFRS 15 and HKFRS 9 as compared to the requirements of HKAS 18 and HKAS 39 would not have significant impact on our financial position and performance during the Track Record Period.

HKFRS 16 "Leases" has replaced the previous standard HKAS 17 "Lease" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2019 and earlier application is permitted. We have consistently applied HKFRS 16 to the Historical Financial Information during the Track Record Period.

## FINANCIAL INFORMATION

We have assessed the effects of the early adoption of HKFRS 16 on our financial statements as compared to the requirements of HKAS 17 and summarized as follows:

- (1) The operating lease commitments (except for short-term leases) under HKAS 17 were no longer disclosed as lease commitment, instead, all lease (except for short-term lease) were recognized as a right-of-use asset and a corresponding liability under HKFRS 16 at the lease commencement date. Right-of-use assets were less than 1% of total assets as of December 31, 2016, 2017 and 2018 and June 30, 2019; and
- (2) Under HKFRS 16, each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. The right-of-use asset is depreciated over the lease term on a straight line basis. No material impact to the consolidated statements of comprehensive income is resulted as compared to the recognition of operating lease expenses under HKAS 17.

Based on the above, we believe that the adoption of HKFRS 16, as compared to the requirements of HKAS 17, did not have any significant impact to our financial position or performance during the Track Record Period.

### KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial position have been and will continue to be affected by a number of factors, including those set out in the section entitled “Risk Factors” in this prospectus and those discussed below:

#### Business Mix

During the Track Record Period, our business and results of operations were affected by our business mix. Our profit margins vary across our three business lines, namely, property management services, consultancy services and community value-added services. Any change in the structure of revenue contribution from our three business lines or change in profit margin of any business line may have a corresponding impact on our overall profit margin.

The table below sets forth the revenue contribution by each business line for the periods indicated.

	For the year ended 31 December,						For the six months ended 30 June,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Property Management										
Services . . . . .	381,815	58.0	579,015	62.7	899,818	61.4	398,476	67.8	548,833	58.8
Consultancy services . . . . .	149,340	22.7	162,355	17.6	231,447	15.8	64,219	10.9	190,996	20.5
Community value-added										
services . . . . .	127,067	19.3	181,928	19.7	333,193	22.8	125,005	21.3	193,434	20.7
<b>Total . . . . .</b>	<b>658,222</b>	<b>100.0</b>	<b>923,298</b>	<b>100.0</b>	<b>1,464,458</b>	<b>100.0</b>	<b>587,700</b>	<b>100.0</b>	<b>933,263</b>	<b>100.0</b>

## FINANCIAL INFORMATION

The table below sets forth the gross profit margin by each business line and our overall gross profit margin for the periods indicated.

	For the year ended 31 December,			For the six months ended 30 June,	
	2016	2017	2018	2018	2019
Property Management Services . . . .	26.7%	30.3%	28.0%	29.1%	28.2%
Consultancy services . . . . .	45.7%	47.5%	51.9%	43.5%	49.3%
Community value-added services . .	33.9%	45.7%	34.4%	36.4%	34.9%
<b>Overall . . . . .</b>	<b>32.4%</b>	<b>36.4%</b>	<b>33.2%</b>	<b>32.3%</b>	<b>33.9%</b>

In general, the gross profit margins for both of our consultancy services and community value-added services are higher than that for our property management services. For more details regarding the fluctuation in our gross margins during the Track Record Period, please refer to the sub-section entitled “— Results of Operations” in this section.

### Ability to Mitigate the Impact of Rising Labor Costs

Since our property management services are more labor-intensive, labor costs constitute a substantial portion of our cost of sales. During the Track Record Period, our labor costs increased considerably as a result of the expansion of our business and increases in minimum wages and the market price for labor. In 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, our employee benefit expenses recorded in cost of sales were RMB280.6 million, RMB374.3 million, RMB612.2 million, RMB251.0 million and RMB325.6 million, accounting for 63.1%, 63.7%, 62.6%, 63.0% and 52.8%, respectively, of our cost of sales for the same periods. To cope with the rising labor costs, we have implemented a number of cost-effective measures, including management standardization, digitalization and operation automation to reduce our reliance on manual labor. For details, please refer to the section entitled “Business — Property Management Services — Standardized Operation, Digitalization and Information Technology, and Operation Automation” in this prospectus. We have also outsourced certain services, such as cleaning, maintenance and repairs, and greening and gardening services, to third-party sub-contractors while maintaining close supervision of their services to ensure service quality. In 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019 the fees paid to third-party sub-contractors were RMB73.4 million, RMB122.5 million, RMB215.6 million, RMB84.5 million and RMB154.2 million, representing 16.5%, 20.9%, 22.0%, 21.2% and 25.0% of our cost of sales, respectively, for the same periods.

### Brand Positioning and Pricing Ability

We generally price our services by taking into account a number of factors, including (i) the types and locations of the properties, (ii) our budgeted expenses, (iii) our targeted profit margins, (iv) the profiles of property owners and residents, (v) the scope and quality of our services, and (vi) the local government’s policy and pricing guidance. We have to achieve a balance between pricing our projects competitively while maintaining our brand image as a quality property management service provider and ensuring an attractive profit margin. Failure to balance various factors in determining our pricing could materially and adversely affect our financial condition and results of operations.

For illustration purposes only, we set forth below a sensitivity analysis of our profit for the periods with reference to the fluctuations of average property management fees during the Track Record Period. The following table demonstrates the impact of the hypothetical decrease in the average property management fees on our revenue and profit, while all other factors remain unchanged.

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	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (Unaudited)	(RMB'000)
Total profit for the period . . . . .	101,371	185,355	296,890	89,812	186,796
<b>Assuming 5% decrease in our average property management fees</b>					
Increase/(decrease) in revenue from our property management business . . . .	(19,091)	(28,951)	(44,991)	(19,924)	(27,442)
Increase/(decrease) in profit for the period . . . . .	(16,227)	(24,608)	(38,242)	(16,935)	(23,326)
<b>Assuming 8% decrease in our average property management fees</b>					
Increase/(decrease) in revenue from our property management business . . . .	(30,545)	(46,321)	(71,985)	(31,878)	(43,907)
Increase/(decrease) in profit for the year . . . . .	(25,963)	(39,373)	(61,187)	(27,096)	(37,321)
<b>Assuming 10% decrease in our average property management fees</b>					
Increase/(decrease) in revenue from our property management business . . . .	(38,182)	(57,902)	(89,982)	(39,848)	(54,883)
Increase/(decrease) in profit for the year . . . . .	(32,455)	(49,217)	(76,485)	(33,871)	(46,651)

### GFA Under Management

During the Track Record Period, a majority of our revenue was generated from our property management services, which contributed 58.0%, 62.7%, 61.4%, 67.8% and 58.8% to our total revenue in 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, respectively. Accordingly, our business and results of operations depend on our ability to maintain and increase our GFA under management, which in turn is affected by our ability to renew existing service contracts and secure new service contracts. During the Track Record Period, we experienced a steady growth in our total GFA under management, which was 24.2 million sq.m., 44.0 million sq.m., 60.6 million sq.m., and 63.3 million sq.m., as of December 31, 2016, 2017 and 2018 and June 30, 2019, respectively.

During the Track Record Period, a significant portion of properties we managed were developed by Languang Group, our Controlling Shareholder. As of December 31, 2016, 2017 and 2018 and June 30, 2019, properties developed by Languang Group accounted for 77.8%, 54.7%, 44.2% and 42.9%, respectively, of our total GFA under management. We have made continuous efforts to expand our property management services to also cover properties developed by third-party property developers, aiming to expand additional sources of revenue and diversify our portfolio of property management service. The percentage of the GFA under management of the properties developed by third-party property developers to the total GFA under management was 22.2%, 45.3%, 55.8%, and 57.1% as of December 31, 2016, 2017 and 2018 and June 30, 2019, respectively.

## FINANCIAL INFORMATION

### Competition

Our industry is highly competitive and fragmented, and we compete with other property management services providers on a number of aspects, including business scale, brand recognition, profitability, financial resources and adequacy of financing, price, diversity of services and service quality. Please refer to the sections entitled “Business — Competition” and “Industry Overview — Competition” in this prospectus. We were ranked 11th by CIA among the Top 100 Property Management Companies in China in terms of overall strength in 2019. Our ability to compete effectively with our competitors and maintain or improve our market position depends on our competitive edges. If we fail to compete and expand our GFA under management, we may lose market position in our principal business lines and our revenue and profitability may decrease.

### CERTAIN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND JUDGMENTS

#### Significant Accounting Policies

We have identified certain accounting policies that are significant to the preparation of our financial statements. Our significant accounting policies, which are important for an understanding of our financial position and results of operations, are set forth in details in Note 2 of the Accountant’s Report in Appendix I to this prospectus. Our significant accounting policies include, among others:

#### *Revenue Recognition*

Revenue from property management services (including property management services under commission basis or lump sum basis), consultancy services and community value-added services are generally recognized in the accounting period in which the services are rendered.

For property management services, we bill a fixed amount for services provided on a monthly basis and recognize as revenue the amount in which we have a right to bill, corresponding directly with the value of performance completed.

For property management services income from properties managed under a lump sum basis, where we act as the principal and are primarily responsible for providing the property management services to the property owners, we recognize the fees received or receivable from property owners as revenue and all related property management costs as our cost of sales. For property management services income from properties managed under commission basis, we act as an agent of the property owners and are entitled to revenue at a pre-determined percentage or amount of the property management fees received or receivable by the properties.

For consultancy services, we agree the price for each service with the customers upfront and issue the monthly bill to the customers based on the actual level of service completed in that month.

For community value-added services, revenue is recognized when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customers. Sales of goods are recognized when the goods are delivered to the customers.



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### ***Property, Plant and Equipment***

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure directly attributable to their acquisition.

Subsequent costs are included in the asset's carrying amount or recognized 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 the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the financial 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, the shorter lease term, as follows:

Vehicles	5-8 years
Office equipment	5 years
Machinery	10-15 years
Leasehold improvements	3-10 years
Right-of-use asset	2-6 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.

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

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

### ***Trade Receivables***

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

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. We hold the trade receivables with the objective to collect the contractual cash flows and therefore measure them subsequently at amortized cost using the effective interest method. For further information on the Group's accounting for trade receivables and the Group's impairment policies, please refer to Note 19 and Note 3.1.1 of the Accountant's Report in Appendix I to this prospectus, respectively.

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### ***Goodwill***

Goodwill arises on the acquisition of subsidiaries and represents the excess of the sum of (i) the consideration transferred, (ii) the amount of any non-controlling interest in the acquiree and (iii) the acquisition-date fair value of our Group's previous equity interest in the acquiree, over the fair value of the identified net assets acquired as of the acquisition date.

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

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

### ***Trade and Other Payables***

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

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

### **Critical Accounting Estimates and Judgments**

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

#### ***Estimated Impairment of Goodwill***

We test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7 of the Accountant's Report in Appendix 1 to this prospectus, where the recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates.

#### ***Estimation of the Useful Life of Customer Relationship Identified in Business Combinations***

During the Track Record Period, we completed the acquisitions of six companies. Customer relationship of acquirees was identified in the business combinations at each acquisition date respectively. The customer relationship is recognized as intangible assets.

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Customer relationship is primarily related to the existing customers of acquirees on the acquisition date. A large portion of the existing service contracts of the acquirees are with specific expiration dates, of which the contract periods of one to five years, and the remaining contracts are with no specific expiration date. Based on past experience and general situation in property management industry, termination or non-renewal of property management contracts with property owners' association may happen. We thus estimate the useful life and determine the amortization period of the customer relationship to be 100 to 102 months.

However, the actual useful life may be shorter or longer than estimated depending on acquirees' ability to secure their contracts and relationships with property developers or renew the contracts with property owners' associations in the future. Where the actual contract duration is different from the original estimates, such difference will impact the carrying amount of these intangible assets and the amortization expenses in the periods in which such estimate has been changed.

### ***Allowance on Doubtful Receivables***

We make allowances on receivables based on assumptions about risk of default and expected loss rates. We used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our past 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 estimates, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed.

### ***Current and Deferred Income Tax***

We are 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 difference will impact the income tax and deferred tax provisions in the period where such determination is made.

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

## FINANCIAL INFORMATION

### DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ITEMS

The following table sets forth a summary of our consolidated statements of comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,			For the six months ended 30 June,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
<b>Revenue</b> .....	658,222	923,298	1,464,458	587,700	933,263
Cost of sales .....	(445,100)	(587,437)	(977,688)	(398,113)	(617,026)
<b>Gross profit</b> .....	213,122	335,861	486,770	189,587	316,237
Selling and marketing expenses .....	(7,459)	(4,514)	(3,760)	(2,305)	(2,104)
Administrative expenses ..	(86,585)	(127,631)	(128,083)	(79,531)	(85,717)
Net impairment losses on financial assets .....	(4,006)	(8,752)	(16,563)	(10,130)	(8,608)
Other income .....	3,978	2,791	5,348	2,035	3,929
Other gains/(losses) — net .....	2,055	22,777	10,494	9,623	(666)
<b>Operating profit</b> .....	121,105	220,532	354,206	109,279	223,071
Finance cost .....	(354)	(335)	(339)	(167)	(158)
<b>Profit before income tax</b> .....	120,751	220,197	353,867	109,112	222,913
Income tax expenses ....	(19,380)	(34,842)	(56,977)	(19,300)	(36,117)
<b>Profit for the year</b> .....	<u>101,371</u>	<u>185,355</u>	<u>296,890</u>	<u>89,812</u>	<u>186,796</u>
<b>Profit attributable to:</b>					
— Owners of the Company .....	100,898	184,354	289,347	87,796	179,878
— Non-controlling interests .....	473	1,001	7,543	2,016	6,918
	<u>101,371</u>	<u>185,355</u>	<u>296,890</u>	<u>89,812</u>	<u>186,796</u>

### Revenue

During the Track Record Period, we derived our revenue mainly from the following three business lines:

- (i) *property management services*, primarily including security, cleaning, greening, gardening, repairs and maintenance services, representing 58.0%, 62.7%, 61.4%, 67.8% and 58.8%, respectively, of our total revenue in 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019;
- (ii) *consultancy services*, primarily including preliminary planning and design consultancy services, sales assistance, home inspection services, on-site consultation and advice to property management companies, representing 22.7%, 17.6%, 15.8%, 10.9% and 20.5%, respectively, of our total revenue in 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019; and
- (iii) *community value-added services*, primarily including resident services, residential property agency, commercial property management and operation, and advertisement services, representing 19.3%, 19.7%, 22.8%, 21.3% and 20.7%, respectively, of our total revenue in 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019.

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The following table sets forth a breakdown of our revenue by each business line for the periods indicated.

	For the year ended 31 December,						For the six months ended 30 June,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Property Management										
Services . . . . .	381,815	58.0	579,015	62.7	899,818	61.4	398,476	67.8	548,833	58.8
Consultancy services . . . . .	149,340	22.7	162,355	17.6	231,447	15.8	64,219	10.9	190,996	20.5
Community value-added services . . . . .	127,067	19.3	181,928	19.7	333,193	22.8	125,005	21.3	193,434	20.7
<b>Total . . . . .</b>	<b>658,222</b>	<b>100.0</b>	<b>923,298</b>	<b>100.0</b>	<b>1,464,458</b>	<b>100.0</b>	<b>587,700</b>	<b>100.0</b>	<b>933,263</b>	<b>100.0</b>

Revenue generated directly from “Justbon Life Pro” mobile application was recognized as sales of goods under the community value-added service business line during the Track Record Period. Revenue generated from sales of goods was nil, nil and approximately RMB28.0 million and RMB20.0 million in 2016, 2017, 2018 and the six months ended June 30, 2019, respectively.

### **Revenue from Property Management Services**

Revenue from property management services generally increased during the Track Record Period, primarily driven by the increase in the total GFA under management as a result of our business expansion. Our total GFA under management as of December 31, 2016, 2017, 2018 and June 30, 2019 was approximately 24.2 million sq.m., 44.0 million sq.m., 60.6 million sq.m. and 63.3 million sq.m., respectively.

Under applicable PRC laws and regulations, property management fees may be charged on a lump sum basis or on a commission basis. We believe the “lump sum” model is the prevailing market practice in China which provides more incentive for property management companies to implement cost-saving initiatives and improve operational efficiency. During the Track Record Period, we charged property management fees on a lump sum basis for most of the properties we managed. We expect that property management fees charged on a lump sum basis continue to account for substantially all of our revenue from property management services in the foreseeable future.

The following table sets forth our GFA under management and revenue generated from property management services by fee model as of the dates or for the periods indicated.

	As of or for the year ended December 31,									As of or for the six months ended June 30,		
	2016			2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)
	(in thousands, except for percentages)											
Lump sum basis . . . . .	22,050	379,533	99.4	40,471	570,720	98.6	56,436	889,458	98.8	58,865	544,140	99.1
Commission basis . . . . .	2,134	2,282	0.6	3,516	8,295	1.4	4,190	10,360	1.2	4,447	4,693	0.9
<b>Total . . . . .</b>	<b>24,184</b>	<b>381,815</b>	<b>100.0</b>	<b>43,987</b>	<b>579,015</b>	<b>100.0</b>	<b>60,626</b>	<b>899,818</b>	<b>100.0</b>	<b>63,312</b>	<b>548,833</b>	<b>100.0</b>

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During the Track Record Period, we derived a majority of our revenue from property management services for properties developed by Languang Group, which accounted for 85.0%, 68.4%, 54.9% and 52.4%, respectively, of our total revenue from property management services in 2016, 2017, 2018 and the six months ended June 30, 2019. The general decrease in percentage of our total revenue from property management services for properties developed by Languang Group during the Track Record Period was primarily due to our continuous effort to strategically expand our property management services to cover properties developed by property developers other than Languang Group. The revenue generated from properties developed by third-party property developers increased in line with the increase in the relevant GFA under management during the Track Record Period.

The following table sets forth a breakdown of our GFA under management as of the dates indicated, and revenue generated from property management services for properties developed by Languang Group and third-party property developers for the periods indicated.

	As of or for the year ended December 31,									As of or for the six months ended June 30,		
	2016			2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)
(in thousands, except for percentages)												
Languang Group <sup>(1)</sup>	18,824	324,457	85.0	24,040	396,277	68.4	26,816	493,748	54.9	27,171	287,663	52.4
Third-party property developers <sup>(2)</sup>												
Independent Third Parties . . . . .	5,360	57,358	15.0	19,869	181,086	31.3	33,730	403,332	44.8	36,141	261,170	47.6
Joint ventures and associates of Languang Development . . . . .	—	—	—	78	1,652	0.3	80	2,738	0.3	—	—	—
<b>Total . . . . .</b>	<b>24,184</b>	<b>381,815</b>	<b>100.0</b>	<b>43,987</b>	<b>579,015</b>	<b>100.0</b>	<b>60,626</b>	<b>899,818</b>	<b>100.0</b>	<b>63,312</b>	<b>548,833</b>	<b>100.0</b>

**Notes:**

- (1) Includes projects solely developed by Languang Group and properties that Languang Group jointly developed with other property developers for which properties Languang Group held a controlling interest.
- (2) Includes properties developed by Independent Third Party developers, as well as properties developed by joint ventures and associates of Languang Development.

During the Track Record Period, a majority of our revenue from property management services was derived from residential properties, which accounted for 81.8%, 84.4%, 89.1% and 93.7%, respectively, of our total revenue from property management services in 2016, 2017, 2018 and the six months ended June 30, 2019. The general increase in percentage of revenue from residential properties management services to the total revenue from our property management services during the Track Record Period primarily reflected an increase in GFA under management from residential properties.



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The following table sets forth a breakdown of our GFA under management as of the dates indicated, and our revenue generated from property management services by type of properties for the periods indicated.

	As of or for the year ended December 31,									As of or for the six months ended June 30,		
	2016			2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)
(in thousands, except for percentages)												
Residential properties . . . . .	22,321	312,338	81.8	41,434	488,458	84.4	57,522	802,015	89.1	59,963	514,381	93.7
Non-residential properties . . . . .	1,863	69,477	18.2	2,553	90,557	15.6	3,104	97,803	10.9	3,349	34,452	6.3
<b>Total . . . . .</b>	<b>24,184</b>	<b>381,815</b>	<b>100.0</b>	<b>43,987</b>	<b>579,015</b>	<b>100.0</b>	<b>60,626</b>	<b>899,818</b>	<b>100.0</b>	<b>63,312</b>	<b>548,833</b>	<b>100.0</b>

To facilitate management of our property management network, we divide our geographic coverage into five major regions in China, namely Sichuan Province, East and South China, Southwest China, Central and North China and others.

The table below sets forth a breakdown of our total GFA under management by geographic region as of the dates indicated, and the revenue generated from property management services by geographic region as well as their respective percentage of our total revenue generated from property management services for the periods indicated.

	As of or for the year ended December 31,									As of or for the six months ended June 30,		
	2016			2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)	(sq.m.)	(RMB)	(%)
(in thousands, except for percentages)												
Sichuan Province . . . . .	18,384	314,652	82.4	24,069	418,973	72.4	33,368	535,826	59.5	34,188	328,205	59.8
East and South China <sup>(1)</sup> . . . . .	1,276	8,952	2.4	13,465	67,099	11.6	15,720	198,625	22.1	17,231	110,486	20.1
Southwest China (excluding Sichuan Province) <sup>(2)</sup> . . . . .	3,840	51,956	13.6	4,713	73,693	12.7	8,214	120,711	13.4	8,421	73,440	13.4
Central and North China <sup>(3)</sup> . . . . .	684	6,255	1.6	1,740	19,250	3.3	2,723	44,631	5.0	2,881	35,765	6.5
Others <sup>(4)</sup> . . . . .	—	—	—	—	—	—	601	25	0.0	600	937	0.2
<b>Total . . . . .</b>	<b>24,184</b>	<b>381,815</b>	<b>100.0</b>	<b>43,987</b>	<b>579,015</b>	<b>100.0</b>	<b>60,626</b>	<b>899,818</b>	<b>100.0</b>	<b>63,312</b>	<b>548,833</b>	<b>100.0</b>

**Notes:**

- (1) East and South China mainly includes Zhejiang Province, Jiangsu Province, Shanghai, Guangdong Province, Anhui Province and Shandong Province.
- (2) Southwest China mainly includes Yunnan Province, Guizhou Province, Sichuan Province and Chongqing.
- (3) Central and North China mainly includes Beijing, Tianjin, Hebei Province, Hubei Province, Jiangxi Province, Hunan Province and Shanxi Province.
- (4) Others include Ningxia Hui Autonomous Region and Shaanxi Province.

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### Revenue from Consultancy Services

We provide consultancy services primarily in forms of preliminary planning and design consultancy services, sales assistance, home inspection and consultancy services to property management companies. The following table sets forth the components of our revenue from consultancy services for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Preliminary planning and design consultancy services . .	—	—	94	0.1	—	—	—	—	—	—
Sales assistance . . . . .	121,700	81.5	122,058	75.1	154,202	66.6	50,854	79.2	129,761	67.9
Home inspection . . . . .	27,640	18.5	40,071	24.7	77,182	33.3	13,365	20.8	61,209	32.0
Consultancy services to property management companies . . .	—	—	132	0.1	63	0.1	—	—	26	0.1
<b>Total . . . . .</b>	<b>149,340</b>	<b>100.0</b>	<b>162,355</b>	<b>100.0</b>	<b>231,447</b>	<b>100.0</b>	<b>64,219</b>	<b>100.0</b>	<b>190,996</b>	<b>100.0</b>

The following table sets forth a breakdown of our revenue generated from consultancy services to properties developed by Languang Group and third-party property developers for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Languang Group <sup>(1)</sup> . . . . .	148,445	99.4	153,673	94.7	216,524	93.6	58,515	91.1	163,450	85.6
Third-party property developers <sup>(2)</sup>										
Independent Third Parties . . .	895	0.6	6,855	4.2	13,441	5.8	5,265	8.2	24,329	12.7
Joint ventures and associates of Languang Development . . . . .	—	—	1,827	1.1	1,482	0.6	439	0.7	3,217	1.7
<b>Total . . . . .</b>	<b>149,340</b>	<b>100.0</b>	<b>162,355</b>	<b>100.0</b>	<b>231,447</b>	<b>100.0</b>	<b>64,219</b>	<b>100.0</b>	<b>190,996</b>	<b>100.0</b>

#### Notes:

- (1) Includes projects solely developed by Languang Group and properties that Languang Group jointly developed with other property developers for which properties Languang Group held a controlling interest.
- (2) Includes projects developed by Independent Third Party developers, as well as properties developed by joint ventures and associates of Languang Development.

### Revenue from Community Value-added Services

We provide four categories of community value-added services: (i) resident services, such as property maintenance and repair, housekeeping and cleaning, decoration, turnkey and move-in furnishing, purchase assistance and public resources administration services; (ii) residential property agency; (iii) commercial property management and operation services; and (iv) advertisement.

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	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Resident services <sup>(1)</sup>	80,085	63.1	111,602	61.3	230,551	69.2	83,574	66.9	132,636	68.5
Residential property agency	7,680	6.0	15,111	8.3	16,210	4.9	8,176	6.5	9,524	4.9
Commercial property management and operation services	6,016	4.7	6,535	3.6	12,357	3.7	1,478	1.2	1,458	0.8
Advertisement	33,286	26.2	48,680	26.8	74,075	22.2	31,777	25.4	49,816	25.8
<b>Total</b>	<b>127,067</b>	<b>100.0</b>	<b>181,928</b>	<b>100.0</b>	<b>333,193</b>	<b>100.0</b>	<b>125,005</b>	<b>100.0</b>	<b>193,434</b>	<b>100.0</b>

**Note:**

- (1) Among the revenue generated from resident services in 2018, and the six months ended June 30, 2018 and 2019, approximately RMB28.0 million, RMB5.6 million and RMB20.0 million were generated from sales of goods, which have been recognized at a point in time. Please refer to Note 6 in the Accountant's Report set out in Appendix I to this prospectus.

The following table sets forth a breakdown of our revenue generated from community value-added services to properties developed by Languang Group and third-party property developers for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Languang Group <sup>(1)</sup>	116,885	92.0	140,287	77.1	233,212	70.0	88,663	70.9	133,657	69.1
Third-party property developers <sup>(2)</sup>										
Independent Third Parties	10,182	8.0	41,630	22.9	99,596	29.9	36,280	29.0	58,577	30.3
Joint ventures and associates of Languang Development	—	—	11	0.0	385	0.1	62	0.1	1,200	0.6
<b>Total</b>	<b>127,067</b>	<b>100.0</b>	<b>181,928</b>	<b>100.0</b>	<b>333,193</b>	<b>100.0</b>	<b>125,005</b>	<b>100.0</b>	<b>193,434</b>	<b>100.0</b>

**Notes:**

- (1) Includes projects solely developed by Languang Group and properties that Languang Group jointly developed with other property developers for which properties Languang Group held a controlling interest.
- (2) Includes projects developed by Independent Third Party developers, as well as properties developed by joint ventures and associates of Languang Development.

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### Cost of Sales

Our cost of sales mainly consists of (i) employee benefit expenses; (ii) greening and cleaning expenses; (iii) maintenance costs; (iv) utilities; (v) operating lease payments; (vi) business taxes and other levies; and (vii) others. The following table sets forth the components of our cost of sales for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Employee benefit expenses . . .	280,594	63.1	374,308	63.7	612,245	62.6	250,962	63.0	325,606	52.8
Greening and cleaning expenses . . . . .	64,293	14.4	92,197	15.7	135,032	13.8	61,142	15.4	93,972	15.2
Maintenance costs . . . . .	29,525	6.6	36,141	6.1	60,105	6.1	24,931	6.3	38,494	6.2
Utilities . . . . .	19,074	4.3	30,467	5.2	39,018	4.0	15,119	3.8	43,683	7.1
Operating lease payments <sup>(1)</sup> . .	16,528	3.7	22,274	3.8	20,054	2.1	9,479	2.4	14,093	2.3
Business taxes and other levies <sup>(2)</sup> . . . . .	14,950	3.4	5,117	0.9	8,010	0.8	3,320	0.8	4,633	0.8
Others . . . . .	20,136	4.5	26,933	4.6	103,224	10.6	33,160	8.3	96,545	15.6
<b>Total . . . . .</b>	<b>445,100</b>	<b>100.0</b>	<b>587,437</b>	<b>100.0</b>	<b>977,688</b>	<b>100.0</b>	<b>398,113</b>	<b>100.0</b>	<b>617,026</b>	<b>100.0</b>

#### Notes:

- (1) Operating lease payments include our payments for leases on carparks, offices, staff dormitories and shops.
- (2) China gradually reformed its tax regime for goods and services and replaced business taxes with value-added taxes for many industries in the last five years. In May 2016, the final phase of the tax reform was applied to the service sector, pursuant to which our business taxes were replaced by value-added taxes. For details, please refer to the section entitled “Regulatory Overview — Chinese Tax Laws and Regulations — Value-added tax” in this prospectus.

The following table sets forth our cost of sales by each business line for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Property management services .	280,036	62.9	403,383	68.7	647,986	66.3	282,348	70.9	394,225	63.9
Consultancy services . . . . .	81,124	18.2	85,191	14.5	111,242	11.4	36,283	9.1	96,886	15.7
Community value-added services . . . . .	83,940	18.9	98,863	16.8	218,460	22.3	79,482	20.0	125,915	20.4
<b>Total . . . . .</b>	<b>445,100</b>	<b>100.0</b>	<b>587,437</b>	<b>100.0</b>	<b>977,688</b>	<b>100.0</b>	<b>398,113</b>	<b>100.0</b>	<b>617,026</b>	<b>100.0</b>

### Gross Profit and Gross Profit Margin

Our gross profit margin in 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019 was 32.4%, 36.4%, 33.2%, 32.3% and 33.9%, respectively. Our overall gross profit margins are affected by our cost of sales and the average property management fees we charge for our property management services. Our gross profit margin increased from 2016 to 2017, primarily reflecting our successful implementation of cost-control measures, such as increasing sub-contracting of labor intensive services, optimizing our labor force and

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centralizing our management of the entire property management network. The decrease in our gross profit margin in 2018 was primarily due to the lower gross profits of our newly acquired companies and a decrease in our average property management fees. The increase in our gross profit margin for the six months ended June 30, 2018 to the same period in 2019 was primarily attributable to the increase of revenue contribution from consultancy services, which has a higher profit margin than that of the other two business lines.

The following table sets forth our gross profit and gross profit margin by each business line for the years indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Property management services . . . . .	101,779	26.7	175,632	30.3	251,832	28.0	116,128	29.1	154,608	28.2
Consultancy services . . . . .	68,216	45.7	77,164	47.5	120,205	51.9	27,936	43.5	94,110	49.3
Community value-added services . . . . .	43,127	33.9	83,065	45.7	114,733	34.4	45,523	36.4	67,519	34.9
<b>Total . . . . .</b>	<b>213,122</b>	<b>32.4</b>	<b>335,861</b>	<b>36.4</b>	<b>486,770</b>	<b>33.2</b>	<b>189,587</b>	<b>32.3</b>	<b>316,237</b>	<b>33.9</b>

### **Property Management Services**

Gross profit generated from property management services for properties developed by Languang Group was approximately RMB82.1 million, RMB116.2 million, RMB164.0 million, RMB77.1 million and RMB99.2 million in 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, respectively. Gross profit generated from property management services for properties developed by third-party property developers was approximately RMB19.7 million, RMB59.4 million, RMB87.8 million, RMB39.1 million and RMB55.4 million in 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, respectively. Gross profit margins for our property management services depend on the average fee per sq.m. per month we charge for our property management services and our cost of sales per sq.m. per month for providing such services. The average property management fee amounted to approximately RMB2.3 per sq.m./month, RMB2.1 per sq.m./month, RMB2.0 sq.m./month, and RMB2.0 sq.m./month in 2016, 2017, 2018 and the six months ended June 30, 2019, respectively. The increase in our gross profit margin for property management services from 2016 to 2017 was primarily due to our continuous implementation of cost-effective measures, such as standardization and automation, and outsourcing of several services, including greening and gardening, cleaning, maintenance and repair services. The decrease in our gross profit margin for property management services from 2017 to 2018 was primarily due to the lower gross profit margins of our newly acquired companies in June 2018, namely Chengdu Dongjing and Luzhou Tianli, which recorded a gross profit margin of 24.1% and 20.2%, respectively, for the periods from their respective acquisition dates to December 31, 2018. The decrease in our gross profit margin for property management services from the six months ended June 30, 2018 to the same period in 2019 was primarily due to the expenses for integration after mergers or acquisitions, leading to a higher expense increase rate.

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### Consultancy Services

We derived substantially all gross profit from our consultancy services from sales assistance and home inspection services. The gross profit margin for our consultancy services generally increased during the Track Record Period, primarily attributable to (i) an increase in revenue generated from sales assistance and home inspection services; and (ii) economies of scale.

### Community Value-added Services

Our community value-added services mainly include resident services, residential property agency, commercial property management and operation services and advertisement.

The following table sets forth a breakdown of our gross profit and gross profit margin from our community value-added services by nature of services for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Resident services . . . . .	10,677	13.3	25,623	23.0	32,150	13.9	8,438	10.1	13,163	9.9
Residential property agency services . . . . .	5,860	76.3	12,962	85.8	14,312	88.3	7,385	90.3	8,923	93.7
Commercial property management and operation services . . . . .	802	13.3	1,502	23.0	1,855	15.0	136	9.2	146	10.0
Advertisement . . . . .	25,788	77.5	42,978	88.3	66,416	89.7	29,564	93.0	45,287	90.9
<b>Total . . . . .</b>	<b>43,127</b>	<b>33.9</b>	<b>83,065</b>	<b>45.7</b>	<b>114,733</b>	<b>34.4</b>	<b>45,523</b>	<b>36.4</b>	<b>67,519</b>	<b>34.9</b>

The decrease in the gross profit margin for our community value-added services from the six months ended June 30, 2018 to the same period in 2019 was primarily due to the increase in revenue generated from the sales of goods on our one-stop service platform upon sales promotion, hence, lower gross profit margin. The decrease in the gross profit margin for our community value-added services in 2018 was primarily due to the decrease in the gross profit margin of resident services, partially offset by the minor increase in the gross profit margin of residential property agency services. The decrease in the gross profit margin of resident services was primarily due to the lower gross profit margin of the sales of goods on our one-stop service platform as a result of our strategy to attract more customers to use our mobile application by lower price and build the bond with our customers in order to promote our diversified services provided on the one-stop service platform in a long run. The increase in gross profit margin for our community value-added services from 2016 to 2017 was primarily attributable to (i) an increase in revenue generated from our residential property agency and advertisement services, which have relatively high gross profit margin; and (ii) our improved cost efficiency due to the implementation of our management digitalization, procedure standardization and operation automation measures.



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### Selling and Marketing Expenses

Our selling and marketing expenses mainly consist of advertising expenses and employee benefit expenses for our selling and marketing staff. The general decrease in our selling and marketing expenses during the Track Record Period was primarily due to a decrease in advertising expenses spent to promote “Justbon Life Pro (嘉寶生活家)” mobile application and our one-stop service platform over the Track Record Period. We launched “Justbon Life Pro (嘉寶生活家)” mobile application and our one-stop service platform in 2016, and incurred substantial advertising expenses before we officially launched it. Along with the acceptance and usage of this application by our customers, the expenses to promote our mobile application and one-stop service platform gradually reduced since 2017.

The following table sets forth the components of our selling and marketing expenses for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Advertising expenses . . . . .	7,305	97.9	4,139	91.7	3,286	87.4	2,279	98.9	2,061	98.0
Employee benefit expenses . . .	1	—	76	1.7	4	0.1	1	—	6	0.3
Others . . . . .	153	2.1	299	6.6	470	12.5	25	1.1	37	1.7
<b>Total . . . . .</b>	<b>7,459</b>	<b>100.0</b>	<b>4,514</b>	<b>100.0</b>	<b>3,760</b>	<b>100.0</b>	<b>2,305</b>	<b>100.0</b>	<b>2,104</b>	<b>100.0</b>

### Administrative Expenses

Our administrative expenses mainly consist of (i) employee benefit expenses; (ii) travelling and entertainment expenses; (iii) office expenses; (iv) consultancy fees; (v) bank charges; (vi) depreciation and amortization charges; (vii) business taxes and other levies, and (viii) others, which mainly include research and development expenses, recruiting expenses and rental expenses. The increase in administrative expenses from 2016 to 2017 was primarily due to an increase in employee benefit expenses as a result of our business expansion. Our administrative expenses remained relatively stable at RMB128.1 million in 2018. Our administrative expenses increased from RMB79.5 million for the six months ended June 30, 2018 to RMB85.7 million for the same period in 2019 was primarily due to the fast expansion of our business.

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The following table sets forth the components of our administrative expenses for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Employee benefit expenses . . .	65,450	75.6	96,819	75.9	92,497	72.2	62,742	78.9	63,311	73.8
Travelling and entertainment expenses . . . . .	5,355	6.2	9,398	7.4	11,052	8.6	6,061	7.6	6,241	7.3
Office expenses . . . . .	3,339	3.8	4,275	3.3	3,415	2.7	2,287	2.9	4,510	5.3
Consultancy fees <sup>(1)</sup> . . . . .	2,331	2.7	3,927	3.1	2,859	2.2	2,398	3.0	2,034	2.4
Bank charges . . . . .	2,994	3.4	2,964	2.3	4,672	3.7	2,013	2.5	2,822	3.3
Depreciation and amortization charges . . . . .	2,247	2.6	3,860	3.0	4,262	3.3	2,129	2.7	3,205	3.7
Business taxes and other levies .	569	0.7	1,444	1.1	2,154	1.7	259	0.3	488	0.6
Others . . . . .	4,300	5.0	4,944	3.9	7,172	5.6	1,642	2.1	3,106	3.6
<b>Total . . . . .</b>	<b>86,585</b>	<b>100.0</b>	<b>127,631</b>	<b>100.0</b>	<b>128,083</b>	<b>100.0</b>	<b>79,531</b>	<b>100.0</b>	<b>85,717</b>	<b>100.0</b>

*Note:*

- (1) Refers to consultancy fees in relation to professional services for our Listing application, mergers and acquisitions.

### Other Income

Our other income mainly includes (i) government grants, which consist mainly of financial subsidies granted by the local governments; (ii) interest income from bank deposits; and (iii) others, which mainly include late fee income from overdue property management fees.

The following table sets forth the components of our other income for the periods indicated.

	For the year ended December 31,						Six months ended June 30,			
	2016		2017		2018		2018		2019	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
	(Unaudited)									
Government grants <sup>(1)</sup> . . . . .	2,828	71.1	2,053	73.6	3,089	57.8	344	16.9	3,011	76.6
Interest income from bank deposits . . . . .	420	10.5	662	23.7	1,004	18.8	471	23.1	875	22.3
Others . . . . .	730	18.4	76	2.7	1,255	23.4	1,220	60.0	43	1.1
<b>Total . . . . .</b>	<b>3,978</b>	<b>100.0</b>	<b>2,791</b>	<b>100.0</b>	<b>5,348</b>	<b>100.0</b>	<b>2,035</b>	<b>100.0</b>	<b>3,929</b>	<b>100.0</b>

*Note:*

- (1) During the Track Record Period, all of government grants were one-off in nature, which mainly comprised of government subsidies to encourage the Group's effort of stabilizing employment, provision of good property management services, subsidy for our listing of shares on the NEEQ, subsidy for the development of quality companies and the value-added tax deduction.

## FINANCIAL INFORMATION

### Other Gains/(Losses) — net

Our net other gains mainly consist of (i) fair value gains/(losses) on investment properties; (ii) fair value gains on financial assets/liabilities at fair value through profit or loss — net in relation to our wealth management products, trust products, structural deposits and contingent consideration; (iii) gains/(losses) on disposal of property, plant and equipment and (iv) written-off of payables. Fair value gains on financial assets at fair value through profit or loss represented our investment gains from certain Renminbi-denominated wealth management products during the Track Record Period.

The following table sets forth the components of our net other gains/(losses) for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (Unaudited)	(RMB'000)
Fair value gains/(losses) on investment properties . . . . .	739	295	1,930	2,083	(7)
Fair value gains on financial liabilities at fair value through profit or loss — net . . . . .	—	9,483	—	—	—
Fair value gains on financial assets at fair value through profit or loss — net . . . . .	1,321	12,980	6,443	6,421	—
Gains/(losses) on disposal of property, plant and equipment . . . . .	(5)	19	(37)	(16)	—
Written-off of payables . . . . .	—	—	2,158 <sup>(1)</sup>	1,135 <sup>(1)</sup>	—
Others . . . . .	—	—	—	—	(659)
<b>Total . . . . .</b>	<b>2,055</b>	<b>22,777</b>	<b>10,494</b>	<b>9,623</b>	<b>(666)</b>

*Note:*

- (1) The written-off of payables in 2018 were primarily parking deposits and interior decoration deposits aged more than three years that had not been claimed within their respective notice periods.

### Finance Cost

In 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our finance costs were RMB354,000, RMB335,000, RMB339,000, RMB167,000 and RMB158,000, respectively.

## FINANCIAL INFORMATION

### Income Tax Expenses

Our income tax expenses mainly comprise PRC corporate income tax.

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (Unaudited)	(RMB'000)
Current income tax					
— PRC corporate income tax . . . . .	19,686	37,643	64,157	21,141	40,421
Deferred income tax					
— PRC corporate income tax . . . . .	(306)	(2,801)	(7,180)	(1,841)	(4,304)
<b>Total . . . . .</b>	<b>19,380</b>	<b>34,842</b>	<b>56,977</b>	<b>19,300</b>	<b>36,117</b>

In 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, our effective income tax rates were 16.0%, 15.8%, 16.1%, 17.7% and 16.2%, respectively. These were slightly lower than the PRC statutory corporate income tax rate of 25%, primarily because our Company and six out of our 23 subsidiaries enjoyed the 15% preferential income tax treatment of China Western Development, eight of our subsidiaries enjoyed the preferential income tax treatment for small and micro businesses.

### RESULTS OF OPERATIONS

#### Six months ended June 30, 2019 compared to six months ended June 30, 2018

##### Revenue

Our revenue increased by 58.8% to RMB933.3 million for the six months ended June 30, 2019 from RMB587.7 million for the same period in 2018. The increase in revenue was primarily attributable to the increase of revenue generated from property management services as a result of our business expansion during the same period.

- *Revenue from property management services.* Revenue from property management services increased by 37.7% to RMB548.8 million for the six months ended June 30, 2019 from RMB398.5 million for the same period in 2018, primarily attributable to the increase in the number of our projects as a result of our business expansion.
- *Revenue from consultancy services.* Revenue from consultancy services increased by 197.4% to RMB191.0 million for the six months ended June 30, 2019 from RMB64.2 million for the same period in 2018, primarily attributable to the increase in the number of projects to which our Group provided sales assistance services in the first half of 2019 as a result of our business expansion.
- *Revenue from community value-added services.* Revenue from community value-added services increased by 54.7% to RMB193.4 million for the six months ended June 30, 2019 from RMB125.0 million for the same period in 2018, primarily attributable to the increase in revenue generated from advertising, move-in furnishing, and repair and maintenance services as a result of the increase of the number of projects under management.

## FINANCIAL INFORMATION

### **Cost of Sales**

Our cost of sales increased by 55.0% to RMB617.0 million for the six months ended June 30, 2019 from RMB398.1 million for the same period in 2018, primarily due to the increase in the number of the projects and the total GFA under management.

### **Gross Profit and Gross Profit Margin**

As a result of the foregoing, our gross profit increased by 66.8% to RMB316.2 million for the six months ended June 30, 2019 from RMB189.6 million for the same period in 2018. Our gross profit margin increased to 33.9% for the six months ended June 30, 2019 from 32.3% for the same period in 2018, primarily attributable to the increase of revenue contribution from consultancy services, which has a higher profit margin than that of the other two business lines.

- *Property management services.* Our gross profit margin for property management services decreased to 28.2% for the six months ended June 30, 2019 from 29.1% for the same period in 2018, primarily due to the increase in amortization of customer relationship in connection with the acquisitions completed in 2018 recorded under cost of sales.
- *Consultancy services.* Our gross profit margin for consultancy services increased to 49.3% for the six months ended June 30, 2019 from 43.5% for the same period in 2018, primarily attributable to the increase of consultancy services projects and the successful implementation of cost-control measures, which primarily include standardizing our procedures in relation to our services and optimizing our labor force.
- *Community value-added services.* Our gross profit margin for community value-added services decreased to 34.9% for the six months ended June 30, 2019 from 36.4% for the same period in 2018, primarily due to the increase in revenue generated from the sales of goods on our one-stop service platform upon sales promotion, hence, lower gross profit margin.

### **Selling and Marketing Expenses**

Our selling and marketing expenses decreased from RMB2.3 million for the six months ended June 30, 2018 to RMB2.1 million for the same period in 2019, primarily attributable to the decrease in advertising expenses.

### **Administrative Expenses**

Our administrative expenses increased from RMB79.5 million for the six months ended June 30, 2018 to RMB85.7 million for the same period in 2019, primarily due to the fast expansion of our business.

### **Other Income**

Our other income increased by 93.1% from RMB2.0 million for the six months ended June 30, 2018 to RMB3.9 million for the same period in 2019, primarily attributable to the increase in government grants and interest income from bank deposits.

### **Other Gains/(Losses) — net**

Our other net gains was recorded at RMB9.6 million for the six months ended June 30, 2018, primarily attributable to the profit generated from our investment in wealth management products and the increase of fair value gains on investment properties. We recorded an other net loss of RMB0.7 million for the same period in 2019, primarily due to the lack of profit generated from our investment in wealth management products and the fair value losses on investment properties.

## FINANCIAL INFORMATION

### ***Operating Profit***

As a result of the foregoing, our operating profit increased by 104.1% from RMB109.3 million for the six months ended in June 30, 2018 to RMB223.1 million for the same period in 2019.

### ***Finance Costs***

Our finance costs decreased by 5.4% from RMB167,000 for the six months ended June 30, 2018 to RMB158,000 for the same period in 2019 primarily attributable to the decrease in lease liabilities, leading to the decrease in interest expenses.

### ***Profit before Income Tax***

As a result of the foregoing, our profit before income tax increased by 104.3% from RMB109.1 million for the six months ended June 30, 2018 to RMB222.9 million for the same period in 2019.

### ***Income Tax Expenses***

Our income tax expenses increased by 87.1% from RMB19.3 million for the six months ended June 30, 2018 to RMB36.1 million for the same period in 2019, primarily due to the increase in profit before income tax.

### ***Profit for the Year***

As a result of the foregoing, our profit for the year increased by 108.0% from RMB89.8 million for the six months ended June 30, 2018 to RMB186.8 million for the same period in 2019, and our net profit margin increased from 15.3% for the six months ended June 30, 2018 to 20.0% for the same period in 2019.

### **Year ended December 31, 2018 compared to year ended December 31, 2017**

#### ***Revenue***

Our revenue increased by 58.6% to RMB1,464.5 million in 2018 from RMB923.3 million in 2017. The increase in revenue was primarily due to an increase in revenue from property management services, and to a lesser extent, an increase in revenue from community value-added services.

- *Revenue from property management services.* Revenue from property management services increased by 55.4% to RMB899.8 million in 2018 from RMB579.0 million in 2017, primarily due to an increase in our project number and total GFA under management as a result of our business expansion, in particular our acquisition of Hangzhou Lvyu and Shanghai Zhenxian in the second half of 2017, which contributed to our revenue growth.
- *Revenue from consultancy services.* Revenue from consultancy services increased by 42.5% to RMB231.4 million in 2018 from RMB162.4 million in 2017, primarily attributable to an increase in revenue generated from the sales assistance and home inspection services.
- *Revenue from community value-added services.* Revenue from community value-added services increased by 83.2% to RMB333.2 million in 2018 from RMB181.9 million in 2017, primarily attributable to an increase in revenue generated from resident services from 2017 to 2018 along with an increase in the number of projects and the total GFA under our management.



## FINANCIAL INFORMATION

### **Cost of Sales**

Our cost of sales increased by 66.4% to RMB977.7 million in 2018 from RMB587.4 million in 2017, primarily due to an increase in (i) the number of projects and (ii) the total GFA under management. Our cost of sales increased at a rate faster than that of our revenue, primarily because we acquired businesses in the second half of 2017 which had a relatively weaker cost control, resulting in an increase in our cost of sales.

### **Gross Profit and Gross Profit Margin**

As a result of the foregoing, our gross profit increased by 44.9% to RMB486.8 million in 2018 from RMB335.9 million in 2017. Our gross profit margin decreased to 33.2% in 2018 from 36.4% in 2017, primarily because we acquired businesses in the second half of 2017 which had a lower gross profit.

- *Property management services.* Our gross profit margin for property management services decreased to 28.0% in 2018 from 30.3% in 2017, primarily due to (i) our acquisition of Hangzhou Lvyu and Shanghai Zhenxian in the second half of 2017 and (ii) our acquisition of Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng, in the second half of 2018, which incurred higher cost of sales.
- *Consultancy services.* Our gross profit margin for consultancy services increased to 51.9% in 2018 from 47.5% in 2017, primarily attributable to our effort to control cost more effectively. Such cost control measures include implementing a centralized staff allocation policy within the Group for consultancy projects to achieve a more efficient utilization of labor.
- *Community value-added services.* Our gross profit margin for community value-added services decreased to 34.4% in 2018 from 45.7% in 2017, primarily because we increased our investment in business with lower gross profit margin including the sales of goods on our one-stop service platform.

### **Selling and Marketing Expenses**

Our selling and marketing expenses decreased by 16.7% to RMB3.8 million in 2018 from RMB4.5 million in 2017, primarily due to a decrease in our advertising expenses for promoting our “Justbon Life Pro (嘉宝生活家)” mobile application in 2018.

### **Administrative Expenses**

Our administrative expenses remained relatively stable at RMB127.6 million and RMB128.1 million in 2017 and 2018, respectively.

### **Other Income**

Our other income increased by 91.6% to RMB5.3 million in 2018 from RMB2.8 million in 2017, primarily attributable to an increase in government grants mainly comprised government subsidies to encourage the Group's effort of stabilizing employment and provision of good property management services, which were one-off in nature.

### **Other Gains — net**

Our other net gains decreased by 53.9% to RMB10.5 million in 2018 from RMB22.8 million in 2017, primarily due to an increase in fair value gains from investment properties, partially offset by a decrease in fair value gains on financial assets at fair value through profit or loss, primarily because a structured deposit we purchased in December 2017 matured in the first half of 2018.

## FINANCIAL INFORMATION

### ***Operating Profit***

As a result of the foregoing, our operating profit increased by 60.6% to RMB354.2 million in 2018 from RMB220.5 million in 2017.

### ***Finance Costs***

Our finance costs remained stable in 2018 and 2017.

### ***Profit before Income Tax***

As a result of the foregoing, our profit before income tax increased by 60.7% to RMB353.9 million in 2018 from RMB220.2 million in 2017.

### ***Income Tax Expenses***

Our income tax expenses increased by 63.5% to RMB57.0 million in 2018 from RMB34.8 million in 2017, primarily due to an increase in our profit before income tax and our acquisition of Shanghai Zhenxian and Hangzhou Lvyu in 2017, which are located in areas where no preferential income tax treatment is available.

### ***Profit for the Year***

As a result of the foregoing, our profit for the year increased by 60.2% to RMB296.9 million in 2018 from RMB185.4 million in 2017, and our net profit margin increased to 20.3% in 2018 from 20.1% in 2017.

### **Year ended December 31, 2017 compared to year ended December 31, 2016**

#### ***Revenue***

Our revenue increased by 40.3% to RMB923.3 million in 2017 from RMB658.2 million in 2016, primarily reflecting an increase in revenue from property management services, and to a lesser extent, an increase in revenue from community value-added services and consultancy services.

- *Revenue from property management services.* Revenue from property management services increased by 51.6% to RMB579.0 million in 2017 from RMB381.8 million in 2016, primarily due to an increase in our project number and the total GFA under management resulting from our acquisition of Guojia Property in the second half of 2016, Hangzhou Lvyu and Shanghai Zhenxian in the second half of 2017.
- *Revenue from consultancy services.* Revenue from consultancy services increased by 8.7% to RMB162.4 million in 2017 from RMB149.3 million in 2016, primarily due to an increase in revenue generated from sales assistance and home inspection services.
- *Revenue from community value-added services.* Revenue from community value-added services increased by 43.2% to RMB181.9 million in 2017 from RMB127.1 million in 2016, primarily attributable to the expansion of community value-added services along with the increase in project number and the total GFA under our management.

## FINANCIAL INFORMATION

### **Cost of Sales**

Our cost of sales increased by 32.0% to RMB587.4 million in 2017 from RMB445.1 million in 2016, primarily due to an increase in employee benefit expenses resulting from our business expansion. Our cost of sales increased at a rate slower than our revenue, primarily due to our efforts to control costs by implementation of our management digitalization, procedure standardization and operation automation measures.

### **Gross Profit and Gross Profit Margin**

As a result of the foregoing, our gross profit increased by 57.6% to RMB335.9 million in 2017 from RMB213.1 million in 2016. Our gross profit margin increased to 36.4% in 2017 from 32.4% in 2016.

- *Property management services.* Our gross profit margin for property management services increased to 30.3% in 2017 from 26.7% in 2016, primarily due to our improved cost efficiency by implementing our management digitalization, procedure standardization and operation automation measures.
- *Consultancy services.* Our gross profit margin for consultancy services increased to 47.5% in 2017 from 45.7% in 2016, as a result of a combination of our continuous efforts in cost control and the expansion of our business scale.
- *Community value-added services.* Our gross profit margin for community value-added services increased to 45.7% in 2017 from 33.9% in 2016, primarily attributable to our improved cost efficiency by implementing our management digitalization, procedure standardization and operation automation measures.

### **Selling and Marketing Expenses**

Our selling and marketing expenses decreased by 39.5% to RMB4.5 million in 2017 from RMB7.5 million in 2016, primarily because we incurred higher advertising expenses to promote our mobile application in 2016.

### **Administrative Expenses**

Our administrative expenses increased by 47.4% to RMB127.6 million in 2017 from RMB86.6 million in 2016, primarily due to an increase in employee benefit expenses and traveling and entertainment expenses, which was in line with our business expansion.

### **Other Income**

Our other income decreased by 29.8% to RMB2.8 million in 2017 from RMB4.0 million in 2016, primarily because we received higher government grants in 2016 for listing our shares on the NEEQ, which were one-off in nature.

### **Other Gains—net**

Our other gains—net increased by 1,008.4% to RMB22.8 million in 2017 from RMB2.1 million in 2016, primarily attributable to (i) an increase in fair value gains on financial liabilities at fair value through profit or loss, primarily attributable to fair value changes of the contingent consideration for acquisition of Guojia Property as a result of the un-fulfillment of a contingent event specified in the share transfer agreement and (ii) an increase in fair value gains on financial assets at fair value through profit or loss, primarily because we received investment return or recognized fair value gain from our wealth management products in 2017.

## FINANCIAL INFORMATION

### **Operating Profit**

As a result of the foregoing, our operating profit increased by 82.1% to RMB220.5 million in 2017 from RMB121.1 million in 2016.

### **Finance Costs**

Our finance costs remained stable in 2017 and 2016.

### **Profit Before Income Tax**

As a result of the foregoing, our profit before income tax increased by 82.4% to RMB220.2 million in 2017 from RMB120.8 million in 2016.

### **Income Tax Expenses**

Our income tax expenses increased by 79.8% to RMB34.8 million in 2017 from RMB19.4 million in 2016, primarily due to an increase in profit before income tax.

### **Profit for the Year**

As a result of the foregoing, our profit for the year increased by 82.8% to RMB185.4 million in 2017 from RMB101.4 million in 2016, and our net profit margin for the year increased to 20.1% in 2017 from 15.4% in 2016.

## **DESCRIPTION OF CERTAIN CONSOLIDATED BALANCE SHEET ITEMS**

The following table sets forth a summary of our consolidated balance sheets as of the dates indicated.

	As of December 31,			As of
	2016	2017	2018	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2019
				(RMB'000)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment . . .	14,037	15,787	18,548	16,633
Investment properties . . . . .	30,462	30,757	32,687	32,680
Goodwill . . . . .	68,697	125,050	183,968	183,968
Other intangible assets . . . . .	36,019	76,877	114,845	114,010
Deferred income tax assets . . . . .	2,654	4,873	10,565	13,561
	<u>151,869</u>	<u>253,344</u>	<u>360,613</u>	<u>360,852</u>
<b>Current assets</b>				
Inventories . . . . .	2,366	4,919	5,985	7,217
Trade and other receivables . . . .	144,453	375,853	596,480	714,554
Financial assets at fair value				
through profit or loss . . . . .	201,321	234,152	—	—
Cash and cash equivalents . . . . .	199,524	189,881	307,136	189,009
	<u>547,664</u>	<u>804,805</u>	<u>909,601</u>	<u>910,780</u>
<b>Total assets . . . . .</b>	<b><u>699,533</u></b>	<b><u>1,058,149</u></b>	<b><u>1,270,214</u></b>	<b><u>1,271,632</u></b>

## FINANCIAL INFORMATION

	As of December 31,			As of
	2016	2017	2018	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2019
				(RMB'000)
<b>Equity</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital .....	88,044	88,044	128,748	128,748
Other reserves .....	82,433	94,987	125,074	153,015
Retained earnings .....	89,111	242,422	182,877	130,943
	259,588	425,453	436,699	412,706
<b>Non-controlling interests .....</b>	354	8,850	29,964	29,423
<b>Total equity .....</b>	<b>259,942</b>	<b>434,303</b>	<b>466,663</b>	<b>442,129</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred income tax liabilities ...	7,206	16,457	22,462	21,154
Lease liability .....	6,415	5,338	4,278	3,674
	13,621	21,795	26,740	24,828
<b>Current liabilities</b>				
Contract liabilities .....	137,110	164,128	230,527	278,391
Trade and other payables .....	266,172	399,047	481,055	477,563
Financial liabilities at fair value				
through profit or loss .....	4,483	—	—	—
Current income tax liabilities ....	17,523	37,366	62,958	46,399
Lease liability .....	682	1,510	2,271	2,322
	425,970	602,051	776,811	804,675
<b>Total liabilities .....</b>	<b>439,591</b>	<b>623,846</b>	<b>803,551</b>	<b>829,503</b>
<b>Total equity and liabilities .....</b>	<b>699,533</b>	<b>1,058,149</b>	<b>1,270,214</b>	<b>1,271,632</b>

### Property, Plant and Equipment

Our property, plant and equipment mainly consist of vehicles, office equipment, machinery and leasehold improvements. Our property, plant and equipment decreased by 10.3% from RMB18.5 million as of December 31, 2018 to RMB16.6 million as of June 30, 2019, primarily due to the incurred depreciation during the six months ended June 30, 2019. Our property, plant and equipment increased by 17.5% from RMB15.8 million as of December 31, 2017 to RMB18.5 million as of December 31, 2018, primarily attributable to leasehold improvements as a result of our parking lot upgrade and an increase in vehicles and office equipment resulting from acquisition of Chengdu Dongjing and Luzhou Tianli. Our property, plant and equipment increased by 12.5% from RMB14.0 million as of December 31, 2016 to RMB15.8 million as of December 31, 2017 primarily attributable to additions of leasehold improvements and office equipment, partially offset by the depreciation of office equipment.

### Investment Properties

Our investment properties mainly consist of retail units and car parks. Our investment properties remained relatively stable at RMB32.7 million as of December 31, 2018 and as of June 30, 2019, primarily reflecting revaluation changes. Our investment properties increased from RMB30.8 million as of December 31, 2017 to RMB32.7 million as of December 31, 2018, primarily reflecting revaluation gains recognized in consolidated statements of comprehensive income. Our investment properties slightly increased from RMB30.5 million as of December 31, 2016 to RMB30.8 million as of December 2017.

## FINANCIAL INFORMATION

### Other Intangible Assets

Our other intangible assets mainly include trademarks, customer relationships and computer software. Our other intangible assets decrease by 0.7% from RMB114.8 million as of December 31, 2018 to RMB114.0 million as of June 30, 2019, primarily due to the incurred amortization during the six months ended June 30, 2019. Our other intangible assets increased by 49.4% from RMB76.9 million as of December 31, 2017 to RMB114.8 million as of December 31, 2018, primarily reflecting the increase in customer relationships of Chengdu Dongjing and Luzhou Tianli, and the additions in software, partially offset by the amortization of customer relationships. Our other intangible assets increased by 113.4% from RMB36.0 million as of December 31, 2016 to RMB76.9 million as of December 31, 2017, primarily reflecting the addition in software, and the increase in customer relationships resulting from acquisition of Hangzhou Lvyu and Shanghai Zhenxian, partially offset by the amortization of customer relationships.

The following table sets forth the useful life and estimation of useful life of trademarks, customer relationships and computer software, respectively.

Intangible assets	Useful life	Estimation of useful life
Trademarks . . . . .	10 years	We determine the useful life of trademarks with reference to the useful life legally registered for such trademarks.
Customer relationships . . . . .	100 to 102 months	Customer relationships primarily relate to the existing customers of acquired companies on the acquisition date. We make estimation to the useful life of customer relationships associated with each existing contract based on contract expiring dates, and the estimation of the termination or renewal rate taking into account our past experience and general situation in the property management industry.
Computer software . . . . .	2 to 10 years	We determine the useful life of computer software with reference to shorter one of the beneficial period and the useful life specified in the contracts or prescribed by law.

### Goodwill

Our goodwill remained at RMB184.0 million as of December 31, 2018 and as of June 30, 2019, since we did not acquire any new business in the first half of 2019. Our goodwill increased from RMB125.1 million as of December 31, 2017 to RMB184.0 million as of December 31, 2018, primarily reflecting our acquisition of Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng in 2018. Our goodwill increased from RMB68.7 million as of December 31, 2016 to RMB125.1 million as of December 31, 2017, primarily reflecting our acquisition of Hangzhou Lvyu and Shanghai Zhenxian in 2017.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is normally tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment. We performed an impairment test



## FINANCIAL INFORMATION

of goodwill as of December 31, 2016, 2017 and 2018 and June 30, 2019. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our cash-generating units (“CGU”), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether our other assets or liabilities are assigned to those units or groups of units. Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period. Goodwill acquired through business combination is allocated to the CGU which has been determined based on a value-in-use (“VIU”) calculation using cash flow projections based on financial budgets covering a five-year period approved by management.

We have undertaken impairment testing of goodwill based on key assumptions of annual growth rate of revenue, gross margin rate, long-term growth rate and pre-tax discount rate in the cash flow projections as of December 31, 2016, 2017 and 2018 and June 30, 2019. Please refer to Note 16 of the Accountant’s Report included in Appendix I to this prospectus for more details.

Annual growth rate of revenue is the average annual growth rate of each year in the five-year forecast period. It is based on current growth rate levels, current industry trends and includes long term inflation forecasts for each territory. Gross margin rate is the average margin of gross profit as a percentage of revenue of each year in the five-year forecast period. It is based on the current gross margin levels with adjustments made to reflect the expected future price rises or cost saving. The long-term growth rates used are consistent with the forecasted growth trend of the industry. The pre-tax discount rates used reflect specific risks relating to the relevant CGUs.

The following table sets forth key assumptions that we based on when we conducted cash flow projections for undertaking impairment testing of goodwill as of December 31, 2016.

	<u>Guojia Property</u>
Revenue 2017 (% annual growth rate) . . . . .	27%
Revenue 2018 (% annual growth rate) . . . . .	6%
Revenue — 2019 to 2021 (% annual growth rate) . . . . .	3%-5%
Gross margin (% of revenue) . . . . .	28%
Long-term growth rate . . . . .	3%
Pre-tax discount rate . . . . .	19%

The following table sets forth key assumptions that we based on when we conducted cash flow projections for undertaking impairment testing of goodwill as of December 31, 2017.

	<u>Guojia Property</u>	<u>Shanghai Zhenxian</u>	<u>Hangzhou Lvvyu</u>
Revenue 2018 (% annual growth rate) . . . . .	6%	16%	12%
Revenue 2019 (% annual growth rate) . . . . .	6%	13%	6%
Revenue — 2020 to 2022 (% annual growth rate) . . . . .	5%-6%	3%	5%-6%
Gross margin (% of revenue) . . . . .	43%	24%	28%
Long-term growth rate . . . . .	3%	3%	3%
Pre-tax discount rate . . . . .	18%	22%	22%

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The following table sets forth key assumptions that we based on when we conducted cash flow projections for undertaking impairment testing of goodwill as of December 31, 2018.

	<u>Guojia Property</u>	<u>Shanghai Zhenxian</u>	<u>Hangzhou Lvyu</u>	<u>Chengdu Dongjing</u>	<u>Luzhou Tianli</u>	<u>Chengdu Quancheng</u>
Revenue 2019 (% annual growth rate) . . . . .	6%	14%	8%	12%	15%	16%
Revenue 2020 (% annual growth rate) . . . . .	5%	5%	6%	10%	12%	2%
Revenue — 2021 to 2023 (% annual growth rate) . . . . .	3%-4%	3%-5%	3%-6%	4%-10%	4%-9%	2%
Gross margin (% of revenue) . .	46%	24%	21%	27%	23%	28%
Long-term growth rate . . . . .	3%	3%	3%	3%	3%	0%
Pre-tax discount rate . . . . .	18%	21%	21%	19%	19%	8%

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as of June 30, 2019.

	<u>Guojia Property</u>	<u>Shanghai Zhenxian</u>	<u>Hangzhou Lvyu</u>	<u>Chengdu Dongjing</u>	<u>Luzhou Tianli</u>	<u>Chengdu Quancheng</u>
Revenue 2020 (% annual growth rate) . . . . .	6%	13%	8%	10%	10%	3%
Revenue 2021 (% annual growth rate) . . . . .	4%	8%	8%	8%	9%	3%
Revenue — 2022 to 2024 (% annual growth rate) . . . . .	3%-4%	3%	5%-7%	3%-7%	3%-8%	3%
Gross margin (% of revenue) . .	44%	22%	22%	30%	27%	29%
Long-term growth rate . . . . .	3%	3%	3%	3%	3%	3%
Pre-tax discount rate . . . . .	18%	21%	21%	19%	19%	18%

As of December 31, 2016, 2017 and 2018 and June 30, 2019, the recoverable amounts of RMB134.2 million, RMB327.0 million, RMB648.8 million and RMB727.6 million of the property management business calculated based on VIU exceeded their carrying value of RMB96.6 million, RMB215.4 million, RMB357.9 million and RMB412.2 million by RMB37.6 million, RMB111.6 million, RMB290.9 million and RMB315.4 million respectively.

Details of the headroom attributable to the property management business of the acquired entities as of December 31, 2016, 2017 and 2018 and June 30, 2019 are set forth as below.

	<u>As of December 31,</u>			<u>As of June 30, 2019</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Guojia Property . . . . .	37,633	88,723	179,528	185,217
Shanghai Zhenxian . . . . .	—	10,369	32,346	17,600
Hangzhou Lvyu . . . . .	—	12,470	14,399	15,813
Chengdu Dongjing . . . . .	—	—	51,648	72,082
Luzhou Tianli . . . . .	—	—	12,126	18,172
Chengdu Quancheng . . . . .	—	—	814	6,523
	<u>37,633</u>	<u>111,562</u>	<u>290,861</u>	<u>315,407</u>

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We have undertaken the sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom respectively as of December 31, 2016, 2017 and 2018 and June 30, 2019.

	<u>Guojia Property</u>	<u>Shanghai Zhenxian</u>	<u>Hangzhou Lvyu</u>	<u>Chengdu Dongjing</u>	<u>Luzhou Tianli</u>	<u>Chengdu Quancheng</u>
<b>As of December 31, 2016</b>						
Annual revenue growth rate . .	-7%	NA	NA	NA	NA	NA
Discount rate . . . . .	+5%	NA	NA	NA	NA	NA
<b>As of December 31, 2017</b>						
Annual revenue growth rate . .	-13%	-4%	-7%	NA	NA	NA
Discount rate . . . . .	+12%	+4%	+1%	NA	NA	NA
<b>As of December 31, 2018</b>						
Annual revenue growth rate . .	-21%	-12%	-3%	-9%	-5%	-9%
Discount rate . . . . .	+29%	+15%	+2%	+9%	+3%	+9%
<b>As of June 30, 2019</b>						
Annual revenue growth rate . .	-22%	-6%	-3%	-10%	-5%	-24%
Discount rate . . . . .	+27%	+6%	+2%	+11%	+5%	+69%

Our Directors considered that no reasonably possible change in key parameters would cause the carrying amount of the CGU to exceed its recoverable amount.

Therefore, our Directors believe that based on the impairment test on goodwill discussed above, no impairment provision is required.

### Inventories

Our inventories primarily consist of (i) raw material, (ii) consumables and (iii) finished goods. Our inventories increased by 20.6% from RMB6.0 million as of December 31, 2018 to RMB7.2 million as of June 30, 2019, primarily due to the increase in inventories for the sales of goods. Our inventories increased by 21.7% from RMB4.9 million as of December 31, 2017 to RMB6.0 million as of December 31, 2018, primarily due to an increase in finished goods purchased for sale through our “Justbon Life Pro (嘉寶生活家)” mobile application. Our inventories increased by 107.9% from RMB2.4 million as of December 31, 2016 to RMB4.9 million as of December 31, 2017, primarily due to (i) the increase in raw materials stocked for operation and maintenance of projects, (ii) the increase in consumables for office use and (iii) the increase in finished goods stocked for sales through our one-stop service platform. The following table sets forth the composition of our inventories as of the dates indicated.

	<u>As of December 31,</u>			<u>As of June 30, 2019</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	
	<u>(RMB'000)</u>	<u>(RMB'000)</u>	<u>(RMB'000)</u>	<u>(RMB'000)</u>
Raw material . . . . .	2,201	4,217	3,988	3,431
Consumables . . . . .	165	671	520	429
Finished goods . . . . .	—	31	1,477	3,357
Less: allowance for impairment . .	—	—	—	—
<b>Total . . . . .</b>	<b><u>2,366</u></b>	<b><u>4,919</u></b>	<b><u>5,985</u></b>	<b><u>7,217</u></b>

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The following table sets forth our inventory turnover days for the periods indicated.

	For the year ended December 31,			For the six months ended June 30, 2019
	2016	2017	2018	
Inventory turnover days <sup>(1)</sup> . . . . .	1.0	2.2	2.0	1.9

*Note:*

- (1) Calculated as the average balance of inventories of the relevant period divided by the cost of sales for that relevant period then multiplied by 360 for a 12-month period or by 180 for a six-month period.

The significant increase of our inventory turnover days in 2017 was primarily due to the increase of inventories along with the increase of projects under our management in 2017. Our inventory turnover days remained relatively stable in 2018.

As of August 31, 2019, approximately RMB2.4 million, or 32.6% of our inventories as of June 30, 2019 were subsequently consumed or sold.

### Trade and Other Receivables

The following table sets forth the composition of our trade and other receivables as of the dates indicated.

	As of December 31,			As of June 30, 2019
	2016	2017	2018	
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Trade receivables . . . . .	138,698	364,950	553,325	634,278
Less: allowance for impairment of trade receivables . . . . .	(8,788)	(16,496)	(31,085)	(38,066)
	129,910	348,454	522,240	596,212
Other Receivables . . . . .	19,053	32,648	51,297	74,856
Less: allowance for impairment of other receivables . . . . .	(6,312)	(7,356)	(9,330)	(10,957)
	12,741	25,292	41,967	63,899
Prepayments to suppliers . . . . .	1,177	2,068	31,871	54,402
Prepaid tax . . . . .	625	39	402	41
	<b>144,453</b>	<b>375,853</b>	<b>596,480</b>	<b>714,554</b>

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### **Trade Receivables**

Trade receivables mainly arise from property management services under a lump sum basis and consultancy services provided to Languang Group and property owners and residents.

	As of December 31,			As of
	2016	2017	2018	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2019
				(RMB'000)
Trade receivables				
— Related parties	52,458	175,949	186,116	96,257
— Third parties	86,240	189,001	367,209	538,021
Total	138,698	364,950	553,325	634,278
Less: allowance for impairment				
of trade receivables	(8,788)	(16,496)	(31,085)	(38,066)
	<b>129,910</b>	<b>348,454</b>	<b>522,240</b>	<b>596,212</b>

Since no credit terms were given to almost all of our customers during the Track Record Period, substantially all of our trade receivables at the end of each year during the Track Record Period were past due. The balances of trade receivables past due were approximately RMB138.5 million, RMB364.4 million, RMB550.5 million and RMB629.9 million, as of December 31, 2016, 2017 and 2018 and June 30, 2019, respectively. Before allowance for impairment of trade receivables, our trade receivables increased by 14.6% from RMB553.3 million as of December 31, 2018 to RMB634.3 million as of June 30, 2019, primarily due to the increase in the number of the projects and the total GFA under management. Our trade receivables before deducting allowance for impairment of trade receivables increased by 51.6% from RMB365.0 million as of December 31, 2017 to RMB553.3 million as of December 31, 2018, primarily due to the addition of trade receivables from Chengdu Dongjing and Luzhou Tianli, following our acquisitions of these two subsidiaries in 2018.

Our trade receivables before deducting allowance for impairment of trade receivables increased by 163.1% from RMB138.7 million as of December 31, 2016 to RMB365.0 million as of December 31, 2017, primarily due to (i) the increase in GFA under management as our business grew, and (ii) relatively low collection rate for properties managed by Shanghai Zhenxian and Hangzhou Lvyu, which were acquired in 2017, resulting from the historical payment patterns of property owners and residents in certain projects managed by Shanghai Zhenxian and Hangzhou Lvyu. Accordingly to CIA, it is noted that some property owners pay their property management fees late at mid-year or year-end out of personal preference and convenience without following the terms of the property management service agreements.

The following table sets forth our trade receivable turnover days for the periods indicated.

	For the year ended December 31,			For the
	2016	2017	2018	six months
				ended
				June 30,
				2019
Trade receivable turnover				
days <sup>(1)</sup>	68.7	98.2	112.9	114.5

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*Note:*

- (1) Calculated as the average balances of trade receivables of the relevant period divided by revenue for that relevant period then multiplied by 360 for a 12-month period or by 180 for a six-month period.

The general increase in our trade receivable turnover days during the Track Record Period was primarily due to an increase in our trade receivables.

As of August 31, 2019, approximately RMB78.9 million, or 12.4%, of our trade receivables as of June 30, 2019 were subsequently settled.

The following table sets forth an aging analysis of our trade receivables based on invoice date as of the dates indicated.

	As of December 31,			As of
	2016	2017	2018	June 30, 2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
0-180 days	95,829	252,395	342,777	429,517
181-365 days	19,808	78,311	110,090	122,463
1 to 2 years	12,574	18,830	70,436	56,680
2 to 3 years	5,646	6,870	18,196	16,352
Over 3 years	4,841	8,544	11,826	9,266
	<b>138,698</b>	<b>364,950</b>	<b>553,325</b>	<b>634,278</b>

The table below sets forth the movements in our allowance for impairment of trade receivables as of the dates indicated.

	As of December 31,			As of
	2016	2017	2018	June 30, 2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
At the beginning of the year	5,031	8,788	16,496	31,085
Provision for receivables impairment	3,766	8,592	14,732	9,260
Unused amounts reversed	(9)	(884)	(143)	(2,279)
At the end of the year	<b>8,788</b>	<b>16,496</b>	<b>31,085</b>	<b>38,066</b>

In determining the recoverability of trade receivables from the property management services, we take into consideration a number of indicators, including subsequent settlement status, historical write-off experience and management fee collection rate of the residents in estimating the future cash flows from the receivables. For the provision of consultancy and community value-added services, before accepting any new customer, we assess the potential customer's credit quality and determine credit rating limits of each customer. Limits attributed to customers are reviewed once a year. In determining the recoverability of trade receivables from consultancy and community value-added services, we consider any change in the credit quality of the trade receivable from the date on which the credit was initially granted up to the reporting date.



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Our Group applies the simplified approach permitted by HKFRS 9, to assess expected credit loss of trade receivables. For trade receivables balances due from related parties as of December 31, 2016, 2017, 2018 and June 30, 2019, respectively, our Group has assessed that the expected loss rate for trade receivables from related parties was immaterial considering the good finance position and credit history of the related parties. Thus, no loss allowance provision for trade receivables from related parties was recognized during the Track Record Period.

Trade receivables due from third parties as of December 31, 2016, 2017 and 2018 and June 30, 2019, respectively, were mainly property management fee receivables due from individual property owners. Our Group assessed the loss allowance based on an assessment of the lifetime expected credit losses to be incurred, including an assessment of the historical collection rate and forward looking adjustments when applicable. Our Group considered that the provision for impairment of trade receivables was adequate based on the assessment performed.

To expedite the recovery of our trade receivables, we have formulated and implemented various measures, including the following:

- sending reminders through various channels, such as phone calls, text messages, mails, and our “Justbon Life Pro (嘉寶生活家)” mobile application, and notifying the property owners and residents in person. If such measures do not suffice, we would hire legal counsel to take legal action against the property owners to recover the outstanding payments;
- conducting an evaluation to make sure the property management fees we contract for are sufficient in light of the services we provide;
- designating relevant personnel to closely monitor the progress of collecting trade receivables and designating key personnel to calculate the overdue fees, prepare payment reminders, notices or legal complaints etc. to collect major recoverable items; and
- actively monitoring the progress of, and coordinating with our customers on, payment schedules.

Our collection rate of property management fees, calculated by dividing the property management fees we actually received from our property management business line during a period by the total property management fees payable to us for this business line accumulated during the same period, was approximately 89.3%, 82.9%, 82.6% and 78.4%, respectively, in 2016, 2017, 2018 and the six months ended June 30, 2019. The general decrease in collection rate during the Track Record Period was primarily as a result of an increase of our GFA under management and different payment schedules of the customers of our newly acquired companies.

### ***Other Receivables***

Other receivables during the Track Record Period primarily consist of other receivables from third parties, which primarily include deposit guarantee, tender deposits and advances to employees.

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	As of December 31,			As of
	2016	2017	2018	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2019
<b>Other receivables</b>				(RMB'000)
— Related parties . . . . .	—	—	1,629	1,001
— Third parties . . . . .	19,053	32,648	49,668	73,855
	19,053	32,648	51,297	74,856
Less: allowance for impairment of other receivables . . . . .	(6,312)	(7,356)	(9,330)	(10,957)
	<b>12,741</b>	<b>25,292</b>	<b>41,967</b>	<b>63,899</b>

Before allowance for impairment of other receivables, our other receivables increased by 45.9% from RMB51.3 million as of December 31, 2018 to RMB74.9 million as of June 30, 2019, primarily because we generally settle advances to third parties at the end of the year. Before allowance for impairment of other receivables, our other receivables increased by 57.1% from RMB32.6 million as of December 31, 2017 to RMB51.3 million as of December 31, 2018, primarily due to the addition of other receivables from Chengdu Dongjing and Luzhou Tianli, following our acquisitions of these two subsidiaries in 2018. Our other receivables increased from RMB19.1 million as of December 31, 2016 to RMB32.6 million as of December 31, 2017, primarily due to expansion of business scale.

### **Prepayments to Suppliers**

Our prepayments to suppliers primarily consist of prepayments to suppliers in connection with our purchase of raw materials, services and insurance. Our prepayment increased by 70.7% from RMB31.9 million as of December 31, 2018 to RMB54.4 million as of June 30, 2019, primarily due to the prepayment for Listing expenses. Our prepayments increased significantly by 1,441.2% from RMB2.1 million as of December 31, 2017 to RMB31.9 million as of December 31, 2018, primarily due to (i) an increase in prepayments for using Alibaba Cloud service; (ii) an increase in prepayments made arising from the purchase of parking lots by Hangzhou Lvyu; and (iii) an increase in prepayment of listing expenses. Our prepayments increased by 75.7% from RMB1.2 million as of December 31, 2016 to RMB2.1 million as of December 31, 2017, primarily due to our use of Alibaba Cloud service and prepaid insurance in 2017.

### **Financial Assets at Fair Value through Profit or Loss**

Our financial assets at fair value through profit or loss primarily consist of wealth management products, trust products, structural deposits and contingent consideration. The following table sets forth our financial assets at fair value through profit or loss as of the dates indicated.

	As of December 31,			As of
	2016	2017	2018	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2019
Wealth management products . . .	—	201,890	—	—
Trust products . . . . .	201,321	—	—	—
Structural deposits . . . . .	—	30,049	—	—
Contingent consideration . . . . .	—	2,213	—	—
<b>Total . . . . .</b>	<b>201,321</b>	<b>234,152</b>	<b>—</b>	<b>—</b>

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During the Track Record Period, we invested in three types of investment products, including wealth management products, trust products and structural deposits. The investment products we invested in were mainly used by the issuing banks and trust companies to invest in (i) highly liquid assets, including but not limited to government bonds, financial bonds, corporate bonds, enterprise bonds, medium-term notes, short-term notes and asset-backed securities; and (ii) various types of asset management plans, or a combination of any of the foregoing. According to the underlying contracts for these investment products, the investment allocation decisions of these funds are generally made by the issuing banks and trust companies on a discretionary basis in accordance with the terms and investment scope set out in those underlying contracts.

Wealth management products we bought during the Track Record Period were related to our investment in certain non-principal protected Renminbi-denominated wealth management product in a principal amount of RMB200 million from China Minsheng Bank with a maturity of a year, an expected interest rate of 5.81% per annum and interest paid on the maturity date.

Trust products we bought during the Track Record Period were related to our investment in principal protected Renminbi-denominated trust products that we purchased from a trust company with an expected interest rate of 8.22% per annum and interest paid on quarterly basis.

Structural deposits we bought during the Track Record Period arose from our short-term investment in a Renminbi-denominated structured deposit we purchased from China Minsheng Bank, with an expected interest rate of 3.56% and interest paid on the maturity date. The expected interest rate per annum of our financial assets are generally higher than our bank balance's interest rate, ranging from approximately 3% to 9% during the Track Record Period.

Our contingent consideration was related to our acquisition agreement of Shanghai Zhenxian and Hangzhou Lvyu in 2017 which provides that if the terms of the contingent consideration cannot be full filled, a part of a total consideration will be deducted.

According to our investment and treasury policies and internal control measures to control and supervise risks of our investments, we generally purchase investment products with low risk. Our investments are generally made primarily for the purposes of achieving reasonably higher return on our excess cash than regular bank deposits in the short term. Our investment decisions are made after due and careful consideration of a number of factors, including market and investment conditions, economic developments, investment cost, duration of investment and the expected returns and potential losses of such investment. The finance department of our Company assesses our cash flow, operational needs and capital expenditure before making a proposal to invest in investment products. We only consider purchasing investment products when our cash flows exceed operational needs.

In 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, the fair value gains on these financial assets, were RMB1.3 million, RMB13.0 million, RMB6.4 million, RMB6.4 million and nil, respectively, which were recognized under our other gains-net as "fair value gains on financial assets at fair value through profit or loss" in our consolidated statements of comprehensive income.

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Our financial assets at fair value through profit or loss decreased from RMB234.2 million as of December 31, 2017 to nil as of December 31, 2018, primarily because all the structural deposits and wealth management products we purchased matured before December 31, 2018. Our financial assets at fair value through profit or loss increased by 16.3% from RMB201.3 million as of December 31, 2016 to RMB234.2 million as of December 31, 2017, primarily due to our purchase of wealth management products and the return of contingent consideration associated with acquisition of Shanghai Zhenxian and Hangzhou Lvyu.

During the Track Record Period, our financial instruments requiring level 3 measurements under the fair value classification mainly included bank wealth management products, structured deposits and trust products that we acquired from financial institutions. A financial instrument is classified as level 3 financial instrument if one or more of the significant inputs is/are not based on observable market data. As of December 31, 2016, 2017 and 2018 and June 30, 2019, our financial assets at fair value through profit and loss amounted to RMB201.3 million, RMB234.2 million, nil and nil, respectively, which were all classified as level 3 financial assets in terms of inputs to valuation techniques used to measure fair value. Please refer to Note 18 of the Accountant's Report set out in Appendix I to this prospectus for more details of fair value measurement.

We have implemented internal procedures to ensure the reasonableness of fair value measurement on the level 3 financial assets. Our finance personnel are responsible to manage the valuation of level 3 instruments for financial reporting purposes. Our finance personnel manage the valuation exercise of the financial instruments on a case-by-case basis. The valuation of our Group's bank wealth management products, structured deposits and trust products was performed by utilizing discounted cash flow model based on the expected interest rate per annum provided by the instruments. Our Directors review the fair value measurement assessment of level 3 financial assets presented by our finance personnel, taking into account the significant unobservable inputs and the applicable valuation techniques, and determine if the fair value measurement of level 3 financial assets is in accordance with the applicable HKFRS.

The reporting accountant's opinion on our historical financial information for the Track Record Period is set out in Appendix I to this prospectus.

Our Directors are satisfied with the valuation exercise for financial assets categorized as level 3 financial instruments in our historical financial information for the purpose of preparing the Accountant's Report set out in Appendix I to this prospectus. In relation to the valuation exercise on the level 3 financial assets, which mainly included bank wealth management products, structured deposits and trust products, the Joint Sponsors concur with the Directors' view, after having conducted relevant due diligence work, including, (i) discussing with the management of our Group in relation to the valuation work for financial assets categorized as level 3 financial instruments during the Track Record Period; (ii) obtaining and reviewing the relevant agreements of the bank wealth management products, structured deposits and trust products our Group acquired during the Track Record Period; (iii) obtaining and reviewing the valuation calculations for financial assets categorized as level 3 financial instruments; and (iv) discussing with the reporting accountant in relation to the procedures carried out by them for financial assets categorized as level 3 financial instruments during the Track Record Period.

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### Trade and Other Payables

The following table sets forth the composition of our trade and other payables as of the dates indicated.

	As of December 31,			As of June 30,
	2016	2017	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Trade payables . . . . .	19,417	41,925	65,112	89,042
Other payables . . . . .	174,782	261,147	291,001	280,697
Accrued payroll . . . . .	66,920	83,781	107,963	84,985
Other taxes payables . . . . .	5,053	12,194	14,802	12,104
Dividend payable . . . . .	—	—	2,177	10,735
	<b>266,172</b>	<b>399,047</b>	<b>481,055</b>	<b>477,563</b>

### Trade Payables

Our trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including subcontracting expenses and cost of materials.

	As of December 31,			As of June 30,
	2016	2017	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
— Related parties . . . . .	600	960	234	4,238
— Third parties . . . . .	18,817	40,965	64,878	84,804
	<b>19,417</b>	<b>41,925</b>	<b>65,112</b>	<b>89,042</b>

Our trade payables increased during the Track Record Period, primarily due to (i) an increase in cleaning and greening expenses, maintenance and security expenses resulting from an increase in the projects under our management; and (ii) the increase in subcontracting expenses resulting from acquisition of Hangzhou Lvyu and Shanghai Zhenxian in 2017. Our trade payables to related parties increased from RMB0.2 million as of December 31, 2018 to RMB4.2 million as of June 30, 2019, primarily because the trade payables to related parties are generally settled at the end of the year.

The following table sets forth our trade payable turnover days for the years indicated.

	For the year ended December 31,			For the six months ended June 30,
	2016	2017	2018	2019
Trade payable turnover days <sup>(1)</sup> . . .	13.6	18.8	19.7	22.5

Note:

- (1) Calculated as the average balances of trade payables of the relevant period divided by cost of sales for that relevant period then multiplied by 360 for a 12-month period or by 180 for a six-month period.

## FINANCIAL INFORMATION

The general increase in our trade payable turnover days during the Track Record Period primarily reflected an increase in the amount of our procurement as a result of our business expansion and our effort to subcontract more services to third-party service providers. As we subcontract an increasing proportion of services to third-party service providers, the increase of the average balance of our trade payables out paced the increase in our costs, given that the growth of business volume and cost remained steady.

The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated.

	As of December 31,			As of
	2016	2017	2018	June 30, 2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Up to 1 year . . . . .	19,411	41,697	61,262	85,931
1 to 2 years . . . . .	6	228	3,681	2,793
2 to 3 years . . . . .	—	—	169	250
Over 3 years . . . . .	—	—	—	68
	<b>19,417</b>	<b>41,925</b>	<b>65,112</b>	<b>89,042</b>

As of August 31, 2019, approximately RMB37.4 million, or 42.1%, of our trade payables as of June 30, 2019 were subsequently settled.

### **Other Payables**

Our other payables mainly represent advances due to our related parties, cash collected on behalf of property developers and owners, retention and deposits from property owners and tax payables. The following table sets out our other payables as of the dates indicated.

	As of December 31,			As of
	2016	2017	2018	June 30, 2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
— Related parties . . . . .	46,730	71,712	53,296	15,439
— Third parties . . . . .	128,052	189,435	237,705	265,258
	<b>174,782</b>	<b>261,147</b>	<b>291,001</b>	<b>280,697</b>

Our other payables increased during the Track Record Period, primarily due to an increase in the number of projects and the total GFA under our management and expansion of our business scale.



## FINANCIAL INFORMATION

### Lease Liabilities

Lease Liabilities represent the net present value of certain lease payments. The following table sets forth our lease liabilities as of the dates indicated.

	As of December 31,			As of
	2016	2017	2018	June 30,
	RMB'000	RMB'000	RMB'000	2019
<b>Lease liabilities</b>				<b>RMB'000</b>
Current . . . . .	682	1,510	2,271	2,322
Non-current . . . . .	6,415	5,338	4,278	3,674
	<b>7,097</b>	<b>6,848</b>	<b>6,549</b>	<b>5,996</b>

### Contract Liabilities

Our contract liabilities mainly represent the advance payments made by customers while the underlying services are yet to be provided. As of December 31, 2016, 2017, 2018 and June 30, 2019, our contract liabilities were RMB137.1 million, RMB164.1 million, RMB230.5 million and RMB278.4 million respectively. Our contract liabilities increased during the Track Record Period primarily due to the expansion of our business scale.

	As of December 31,			As of
	2016	2017	2018	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2019
— Related parties . . . . .	26,898	22,093	—	18,075
— Third parties . . . . .	110,212	142,035	230,527	260,316
	<b>137,110</b>	<b>164,128</b>	<b>230,527</b>	<b>278,391</b>

As of August 31, 2019, approximately RMB37.8 million, or 13.6%, of our contract liabilities as of June 30, 2019 were recognized as revenue.

### NET CURRENT ASSETS AND NET CURRENT LIABILITIES

	As of December 31,			As of	As of
	2016	2017	2018	June 30,	August 31,
	(RMB'000)	(RMB'000)	(RMB'000)	2019	2019
					(Unaudited)
<b>Current assets</b>					
Inventories . . . . .	2,366	4,919	5,985	7,217	7,203
Trade and other receivables . . . .	144,453	375,853	596,480	714,554	833,526
Financial assets at fair value					
through profit or loss . . . . .	201,321	234,152	—	—	—
Cash and cash equivalents . . . .	199,524	189,881	307,136	189,009	135,608
	<b>547,664</b>	<b>804,805</b>	<b>909,601</b>	<b>910,780</b>	<b>976,337</b>

## FINANCIAL INFORMATION

	As of December 31,			As of	As of
	2016	2017	2018	June 30,	August 31,
	(RMB'000)	(RMB'000)	(RMB'000)	2019	2019
					(Unaudited)
<b>Current liabilities</b>					
Contract liabilities . . . . .	137,110	164,128	230,527	278,391	265,668
Trade and other payables . . . . .	266,172	398,047	481,055	477,563	511,008
Financial liabilities at fair value					
through profit or loss . . . . .	4,483	—	—	—	—
Current income tax liabilities . . . . .	17,523	37,366	62,958	46,399	51,658
Lease liability . . . . .	682	1,510	2,271	2,322	2,348
Borrowings . . . . .	—	—	—	—	—
	<u>425,970</u>	<u>602,051</u>	<u>776,811</u>	<u>804,675</u>	<u>830,682</u>
<b>Net current assets . . . . .</b>	<b><u>121,694</u></b>	<b><u>202,754</u></b>	<b><u>132,790</u></b>	<b><u>106,105</u></b>	<b><u>145,655</u></b>

We recorded net current assets of RMB121.7 million, RMB202.8 million, RMB132.8 million, RMB106.1 million and RMB145.7 million, respectively, as of December 31, 2016, 2017 and 2018, June 30, 2019 and August 31, 2019. Our net current assets increased from RMB121.7 million as of December 31, 2016 to RMB202.8 million as of December 31, 2017, primarily attributable to a significant increase in trade and other receivables, partially offset by the increase in trade and other payables. Our net current assets decreased to RMB132.8 million as of December 31, 2018, primarily because our current assets increased at a slower rate than that of current liabilities in 2018, partially because of the increased distribution of dividends in 2018. Our net current assets decreased to RMB106.1 million as of June 30, 2019 primarily due to the distribution of dividends in April 2019. Our net current assets increased by 37.3% to approximately RMB145.7 million as of August 31, 2019, primarily attributable to the increase in trade receivables.

### WORKING CAPITAL

Our Directors are of the opinion that, after taking into account the financial resources available to us including the estimated net proceeds of the Global Offering and our internally generated funds, we have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus.

### LIQUIDITY AND CAPITAL RESOURCES

#### Overview

Our principal use of cash has been for working capital purposes. Our main source of liquidity has been generated from cash flow from operations. In the foreseeable future, we expect such source to continue to be our principal sources of liquidity and we may use a portion of the proceeds from the Global Offering to finance some of our capital requirements.

## FINANCIAL INFORMATION

### Cash Flow

The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (Unaudited)	(RMB'000)
Net cash generated from operating activities . . . . .	205,110	106,573	247,625	35,258	128,512
Net cash (used in)/generated from investing activities . . . . .	(268,571)	(96,479)	171,466	(5,028)	(15,164)
Net cash generated from/ (used in) financing activities . . . . .	33,450	(19,737)	(301,836)	(37,120)	(231,475)
<b>Net (decrease)/increase in cash and cash equivalents . . . . .</b>	<b>(30,011)</b>	<b>(9,643)</b>	<b>117,255</b>	<b>(6,890)</b>	<b>(118,127)</b>
Cash and cash equivalents at beginning of year/period . . . . .	229,535	199,524	189,881	189,881	307,136
<b>Cash and cash equivalents at end of year/period . . . . .</b>	<b>199,524</b>	<b>189,881</b>	<b>307,136</b>	<b>182,991</b>	<b>189,009</b>

### *Net Cash Generated from Operating Activities*

For the six months ended June 30, 2019, net cash generated from operating activities was RMB128.5 million. Operating cash inflow before changes in working capital was RMB254.0 million, primarily due to the increase in payment received for property management services and related-parties receivables. Changes in working capital contributed to a cash outflow of RMB68.5 million consisting primarily of (i) trade and other receivables in the amount of RMB101.1 million, (ii) inventories in the amount of RMB1.2 million and (iii) trade and other payables in the amount of RMB14.0 million, partially offset by contract liabilities in the amount of RMB47.9 million. Income tax paid was RMB57.0 million for the six months ended June 30, 2019.

In 2018, net cash generated from operating activities was RMB247.6 million. Operating cash inflow before changes in working capital was RMB385.1 million, primarily attributable to profit before tax of RMB353.9 million, adjusted by certain non-cash expense line items such as allowance for impairment of trade and other receivables of RMB16.6 million, partially offset by fair value gains on financial assets at fair value through profit or loss of RMB6.4 million. Changes in working capital contributed to a cash outflow of RMB98.9 million, consisting primarily of (i) trade and other receivables in the amount of RMB184.5 million and (ii) inventories in the amount of RMB1.1 million, partially offset by (i) trade and other payables in the amount of RMB40.1 million and (ii) contract liabilities in the amount of RMB46.5 million. Income tax paid was RMB38.6 million for the year.

In 2017, net cash from operating activities was RMB106.6 million. Operating cash inflow before changes in working capital was RMB216.6 million, primarily attributable to profit before tax of RMB220.2 million, adjusted by certain non-cash expense line items such as gains on financial assets at fair value through profit or loss of RMB13.0 million, partially offset by allowance for impairment of trade and other receivables of RMB8.8 million. Changes in working capital contributed to a cash outflow of RMB85.6 million, consisting primarily of (i) trade and other receivables in the amount of RMB185.5 million and (ii) inventories in the amount of RMB2.6 million, partially offset by trade and other payables in the amount of RMB82.7 million. Income tax paid was RMB24.4 million for the year.

## FINANCIAL INFORMATION

In 2016, net cash from operating activities was RMB205.1 million. Operating cash inflow before changes in working capital was RMB127.7 million, primarily attributable to profit before tax of RMB120.8 million, adjusted by certain non-cash expense line items such as allowance for impairment of trade and other receivables in the amount of RMB4.0 million, and depreciation of property, plant and equipment in the amount of RMB3.2 million. Changes in working capital contributed to a cash inflow of RMB88.3 million, consisting primarily of (i) contract liabilities in the amount of RMB42.6 million and (ii) trade and other payables in the amount of RMB65.5 million, partially offset by trade and other receivables of RMB17.7 million. Income tax paid was RMB10.9 million for the year.

### ***Net Cash (Used in)/Generated from Investing Activities***

For the six months ended June 30, 2019, net cash used in investing activities was RMB15.2 million, primarily due to (i) purchase of other intangible assets of RMB7.0 million and (ii) settlements of consideration payables for the acquisitions of subsidiaries completed in prior years of RMB7.4 million.

In 2018, net cash generated from investing activities was RMB171.5 million, primarily reflecting proceeds from disposal of financial assets at fair value through profit or loss and investment income of RMB492.6 million, partially offset by (i) acquisition of financial assets at fair value through profit or loss of RMB250.0 million, (ii) acquisition of subsidiaries of RMB55.1 million, (iii) purchase of other intangible assets of RMB9.6 million and (iv) purchase of property, plant and equipment of RMB6.7 million.

In 2017, net cash used in investing activities was RMB96.5 million, primarily reflecting (i) acquisition of financial assets at fair value through profit or loss of RMB230.0 million, (ii) acquisition of subsidiaries of RMB72.5 million and (iii) purchase of other intangible assets of RMB7.6 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB212.4 million.

In 2016, net cash used in investing activities was RMB268.6 million, primarily reflecting (i) acquisition of financial assets at fair value through profit or loss in the amount of RMB200.0 million, (ii) acquisition of subsidiaries in the amount of RMB57.7 million and (iii) purchase of other intangible assets in the amount of RMB8.5 million, partially offset by proceeds from disposal of property, plant and equipment in the amount of RMB1.3 million.

### ***Net Cash Generated from/(Used in) Financing Activities***

For the six months ended June 30, 2019, net cash used in financing activities was RMB231.5 million, reflecting primarily (i) dividends paid to the shareholders in the amount of RMB215.0 million and (ii) listing expenses paid of RMB16.2 million.

In 2018, net cash used in financing activities was RMB301.8 million, reflecting primarily (i) dividends paid to shareholders in the amount of RMB319.3 million and (ii) listing expenses paid of RMB10.7 million, partially offset by capital contribution from owners of RMB34.9 million.

In 2017, net cash used in financing activities was RMB19.7 million, reflecting primarily dividends paid to shareholders in the amount of RMB18.5 million.

In 2016, net cash generated from financing activities was RMB33.5 million, reflecting primarily issue of shares for listing on the NEEQ of RMB39.1 million, partially offset by dividends paid to shareholders in the amount of RMB4.8 million.

## FINANCIAL INFORMATION

### INDEBTEDNESS

As of December 31, 2016, 2017 and 2018, June 30, 2019 and August 31, 2019, our total borrowings amounted to nil, nil, nil, nil and nil, respectively.

As of December 31, 2016, 2017 and 2018, June 30, 2019 and August 31, 2019, our lease liabilities (comprising both current and non-current liabilities) amounted to approximately RMB7.1 million, RMB6.8 million, RMB6.5 million, RMB6.0 million and RMB6.0 million, respectively.

Besides discussed above, we did not have any bank borrowings or any unutilized banking facilities as of August 31, 2019. Since August 31, 2019 and up to the Latest Practicable Date, there had not been any material adverse changes to our indebtedness.

### Contingent Liabilities

Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or purchase commitments, guarantees or other material contingent liabilities or any covenant in connection therewith as of August 31, 2019. Our Directors have confirmed that there had not been any material change in the indebtedness, capital commitments and contingent liabilities of our Group since August 31, 2019 and up to the Latest Practicable Date.

### COMMITMENTS

#### Capital Commitments

Capital expenditures contracted for at the end of each period but not yet incurred are as follows.

	As of December 31,			As of
	2016	2017	2018	June 30, 2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Up to 1 year . . . . .	—	1,364	98	98
1 to 2 years . . . . .	—	98	—	—
	<u>—</u>	<u>1,462</u>	<u>98</u>	<u>98</u>

Our capital commitments of approximately RMB1.5 million, RMB0.1 million and RMB0.1 million as of December 31, 2017, December 31, 2018 and June 30, 2019, respectively, refer to our commitment for the renovation of the parking lots.

## FINANCIAL INFORMATION

### Lease Commitments — As Lessee

We lease offices and staff dormitories under non-cancellable leases agreements with lease term less than 12 months. The majority of lease agreements are signed with third parties and renewable at the end of the lease period based on rates mutually agreed. Our future aggregate minimum lease payments under non-cancellable short-term leases as of the dates indicated are set forth below.

	As of December 31,			As of
	2016	2017	2018	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2019
Up to 1 year . . . . .	—	74	114	134

As of June 30, 2019, except as disclosed in this prospectus, we did not have any definitive plan to raise external financing except for the Global Offering. As of June 30, 2019, we did not incur any other borrowings.

### Capital Expenditures

The table below sets forth the amount of capital expenditures incurred during the Track Record Period.

	For the year ended December 31,			For the
	2016	2017	2018	six months
	(RMB'000)	(RMB'000)	(RMB'000)	ended
				June 30,
				2019
Additions to:				
Property, plant and equipment . . . . .	3,645	4,375	6,659	810
Other intangible assets . . . . .	8,461	7,554	9,621	7,035
<b>Total . . . . .</b>	<b>12,106</b>	<b>11,929</b>	<b>16,280</b>	<b>7,845</b>

The total estimated capital expenditure incurred and to be incurred for the year ending December 31, 2019 is RMB62.5 million, primarily attributable to the development of our mobile application and information system.

### OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements as of June 30, 2019, the date of our most recent financial statement, and as of the Latest Practicable Date.



## FINANCIAL INFORMATION

### SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated.

	As of or for the year ended December 31,			As of or for the six months ended June 30, 2019 <sup>(6)</sup>
	2016	2017	2018	
Current ratio <sup>(1)</sup>	1.29x	1.34x	1.17x	1.13x
Liabilities to assets ratio <sup>(2)</sup>	62.8%	59.0%	63.3%	65.2%
Gearing ratio <sup>(3)</sup>	—	—	—	—
Return on total assets <sup>(4)</sup>	14.5%	17.5%	23.4%	29.4%
Return on equity <sup>(5)</sup>	39.0%	42.7%	63.6%	84.5%

*Notes:*

- (1) Current ratio is calculated based on our total current assets divided by our total current liabilities as of the respective dates and multiplied by 100%.
- (2) Liabilities to assets ratio is calculated based on total liabilities divided by total assets as of the respective dates and multiplied by 100%. Total liabilities represent the sum of current liabilities and non-current liabilities. Total assets represent the sum of current assets and non-current assets.
- (3) Gearing ratio is calculated based on the sum of long-term and short-term interest-bearing bank and other borrowings as of the respective dates divided by total equity as of the same dates.
- (4) Return on total assets ratio is calculated based on our profit for the year/period divided by our total assets at the end of the year/period and multiplied by 100%.
- (5) Return on equity ratio is calculated based on our profit for the year/period divided by total equity at the end of the year/period and multiplied by 100%.
- (6) Above ratios have been annualized to be comparable to those of prior years but not indicative of the actual results.

### Current Ratio

Our current ratio increased from 1.29 times as of December 31, 2016 to 1.34 times as of December 31, 2017, primarily due to an increase in current assets resulting from a significant increase in trade and other receivables. Our current ratio decreased to 1.17 times as of December 31, 2018, primarily due to a decrease in cash and cash equivalents resulting from an increase in dividend distribution. Our current ratio decreased from 1.17 times as of December 31, 2018 to 1.13 times as of June 30, 2019, primarily due to the decrease in current assets resulting from the increase in dividend distribution. For more details, please refer to the sub-section entitled “— Description of Certain Consolidated Balance Sheet Items” in this section.

### Liabilities to Assets Ratio

Our liabilities to assets ratio decreased from 62.8% as of December 31, 2016 to 59.0% as of December 31, 2017, primarily due to the continued increase in our total assets resulting from our acquisition of subsidiaries. Our liabilities to assets ratio increased to 63.3% as of December 31, 2018, primarily due to a decrease in total assets resulting from an increase in dividend distribution in 2018. Our liabilities to assets ratio increased from 63.3% as of December 31, 2018 to 65.2% as of June 30, 2019, primarily because the increase in total assets is less than the increase in total liability resulting from the increase in dividend distribution.

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### Gearing Ratio

Our gearing ratio is calculated based on total borrowings divided by total equity at the end of each year. Our gearing ratio was nil as of December 31, 2016, 2017 and 2018 and June 30, 2019 because we incurred no borrowings during the Track Record Period.

### Return on Total Assets

Our return on total assets increased from 14.5% in 2016 to 17.5% in 2017, increased to 23.4% in 2018, and further increased to 29.4% for the six months ended June 30, 2019, primarily attributable to the increase in our profitability during the Track Record Period.

### Return on Equity

Our return on equity increased from 39.0% in 2016 to 42.7% in 2017, increased to 63.6% in 2018, and further increased to 84.5% for the six months ended June 30, 2019, primarily attributable to the increase in our profit during the Track Record Period.

## QUANTITATIVE AND QUALITATIVE ANALYSIS ABOUT MARKET RISK

The main risks arising from our financial instruments are interest rate risk, credit risk and liquidity risk. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described below.

### Interest Rate Risk

Our interest rate risk arises from our bank balances. We are exposed to cash flow interest rate risk arising from bank balances at a prevailing market interest rate. We closely monitor the trend of interest rate and its impact on our Group's interest rate risk exposure. We currently have not adopted any interest rate swap arrangements but will consider hedging interest rate risk should the need arise. Our management considers that interest rate risk related to bank balances is insignificant.

### Credit Risk

We are exposed to credit risk in relation to its trade and other receivables, cash deposits with banks and financial assets at fair value through profit or loss.

The carrying amounts of trade and other receivables, cash and cash equivalents and financial assets at fair value through profit or loss represent our maximum exposure to credit risk in relation to financial assets.

For trade and other receivables, our management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review 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, our directors consider that our credit risk is significantly reduced.

We expect no significant credit risk associated with financial assets at fair value through profit or loss because we furnish investment mandates to commercial banks and trust companies. These mandates require them to invest in wealth management products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

We expect no significant credit risk related to cash deposits with banks since deposits are substantially deposited at state-owned banks and other medium or large-sized listed banks. Our management does not expect that there will be any significant losses from non-performance by these counterparties.

## FINANCIAL INFORMATION

### Liquidity Risk

To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows.

The table below sets out our financial liabilities by 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.

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As of December 31, 2016</b>				
Trade and other payables (excluding accrued payroll liabilities and other tax payable) . .	194,199	—	—	194,199
Financial liabilities at fair value through profit or loss . . . . .	4,483	—	—	4,483
Lease liabilities (including interest payments) . . . . .	1,008	1,563	5,542	8,113
	<u>199,690</u>	<u>1,563</u>	<u>5,542</u>	<u>206,795</u>
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As of December 31, 2017</b>				
Trade and other payables (excluding accrued payroll liabilities and other tax payable) . .	303,072	—	—	303,702
Financial liabilities at fair value through profit or loss . . . . .	—	—	—	—
Lease liabilities (including interest payments) . . . . .	1,808	2,003	3,755	7,566
	<u>304,880</u>	<u>2,003</u>	<u>3,755</u>	<u>310,638</u>
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As of December 31, 2018</b>				
Trade and other payables (excluding accrued payroll liabilities and other tax payable) . .	358,290	—	—	358,290
Financial liabilities at fair value through profit or loss . . . . .	—	—	—	—
Lease liabilities (including interest payments) . . . . .	2,539	2,106	2,424	7,069
	<u>360,829</u>	<u>2,106</u>	<u>2,424</u>	<u>365,359</u>

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	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As of June 30, 2019</b>				
Trade and other payables (excluding accrued payroll liabilities and other tax payable) . .	380,474	—	—	380,474
Financial liabilities at fair value through profit or loss . . . . .	—	—	—	—
Lease liabilities (including interest payments) . . . . .	2,561	2,320	1,485	6,366
	<u>383,035</u>	<u>2,320</u>	<u>1,485</u>	<u>386,840</u>

### RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered related if they are subject to common control. Members of key management and their close family member are considered as related parties. For a detailed discussion of related party transactions, please refer to Note 32 to the Accountant's Report in Appendix I to this Prospectus.

#### Significant Related Party Transactions

During the Track Record Period, we had the following significant transactions with related parties.

##### *Provision of Services*

In 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, we recorded provisions of services to related parties amounted to RMB214.0 million, RMB269.8 million, RMB322.9 million, RMB121.0 million and RMB203.1 million, respectively. These are typically consultancy services and property management services provided to properties developed by Languang Group.

##### *Purchase of Goods and Services from Related Parties*

In 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, we recorded purchases of goods and services from related parties amounted to RMB0.04 million, RMB0.6 million, RMB2.3 million, RMB0.05 million and RMB1.3 million, respectively.

##### *Short-term Lease Expenses*

In 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, we recorded rental expenses to related parties amounted to RMB15.3 million, RMB21.6 million, RMB15.0 million, RMB10.3 million and RMB10.4 million, respectively.

##### *Addition of Right-of-use Assets*

In 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, we recorded addition of right-of-use assets to related parties amounted to RMB7.6 million, nil, nil, nil and nil, respectively.

## FINANCIAL INFORMATION

### ***Interest Expenses for Lease Liabilities***

In 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, we recorded interest expenses for lease liabilities to related parties amounted to RMB354,000, RMB326,000, RMB283,000, RMB149,000 and RMB118,000, respectively.

### ***Payments of Lease Liabilities***

In 2016, 2017, 2018 and the six months ended June 30, 2018 and 2019, we recorded payments of lease liabilities to related parties amounted to RMB514,000, RMB628,000, RMB1,280,000, RMB633,000 and RMB805,000, respectively.

### **Balances with Related Parties**

	As of December 31,			As of
	2016	2017	2018	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2019
				(RMB'000)
<b>Receivables from related parties</b>				
— Trade receivables . . . . .	52,458	175,949	186,116	96,257
— Other receivables . . . . .	—	—	1,629	1,001
	<b>52,458</b>	<b>175,949</b>	<b>187,745</b>	<b>97,258</b>
<b>Prepayments . . . . .</b>	—	—	673	200
<b>Payable to related parties</b>				
— Trade payables . . . . .	600	960	234	4,238
— Other payables . . . . .	46,730	71,712	53,296	15,439
	<b>47,330</b>	<b>72,672</b>	<b>53,530</b>	<b>19,677</b>
<b>Contract liabilities . . . . .</b>	26,898	22,093	—	18,075
<b>Lease liabilities . . . . .</b>	7,091	6,415	5,135	4,329

Above trade receivables, prepayments, trade payables and contract liabilities due from/to related parties are trade in nature. Our Directors confirm that the transactions with respect to the amounts due from and due to related parties were conducted on an arm's length basis and on normal commercial terms, and would not distort our track record results or impact the reflection of our future performance. Although other receivables from related parties as of June 30, 2019 may not be fully settled prior to the Listing due to their settlement terms, we will fully settle all the amount of other payables to related parties as of June 30, 2019 prior to the Listing. Our Directors are of the view that our Company is financially independent of our Controlling Shareholders and their associates even if the non-trade related party balance has not been fully settled prior to the Listing. For further details on related party balances and transactions, please refer to Note 32 of the Accountant's Report in Appendix I to this prospectus.

## **FINANCIAL INFORMATION**

### **DIVIDEND POLICY AND DISTRIBUTABLE RESERVES**

In 2016, 2017, 2018 and the six months ended June 30, 2019, we distributed dividends in the amount of RMB4.8 million, RMB18.5 million, RMB319.3 million and RMB215.0 million, respectively.

Subject to applicable laws and regulations as well as our Articles of Association, we expect to pay a dividend no less than 25% of the profit after tax after the Listing each year. The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividends paid by us, future prospects and other relevant factors.

Holders of our Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the absolute discretion of the Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. The Board will review the dividend policy on an annual basis.

As of June 30, 2019, the distributable reserves of our Company were approximately RMB87.5 million.

### **DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES**

Except as otherwise disclosed in this prospectus, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

### **LISTING EXPENSES**

The total listing expenses (including underwriting commissions) for the Listing of the H Shares are estimated to be approximately RMB97.4 million (assuming an Offer Price of HK\$34.80 per H Share, being the mid-point of the indicative Offer Price range and the over-allotment option is not exercised), among which, approximately RMB92.2 million is directly attributable to the issuance of H Shares and will be charged to equity upon completion of the Listing, and approximately RMB5.2 million will be charged to our consolidated statement of comprehensive income. During the Track Record Period, we incurred listing expenses of approximately RMB37.1 million, of which approximately RMB34.1 million was included in prepayments and will be subsequently charged to equity upon completion of the Listing and approximately RMB3.0 million was charged to consolidated statement of comprehensive income.

### **UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the owners of the Company as of June 30, 2019 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets have been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as of June 30, 2019 or at any future dates. It is prepared based on the consolidated net assets of the Group as of June 30, 2019 as set out in the Accountant's Report of the Group, the text



## FINANCIAL INFORMATION

is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2019  Note 1	Pro forma adjustment  Estimated net proceeds from the Global Offering  Note 2	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as of June 30, 2019  Note 3	Unaudited pro forma adjusted net tangible assets per Share  Note 4
	RMB'000	RMB'000	RMB'000	RMB  HK\$
Based on an Offer				
Price of HK\$30.60 per H Share . . . . .	114,728	1,088,897	1,203,625	7.01 7.81
Based on an Offer				
Price of HK\$39.00 per H Share . . . . .	114,728	1,401,770	1,516,498	8.83 9.84

**Notes:**

- (1) The audited consolidated net tangible assets attributable to owners of the Company as of June 30, 2019 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as of June 30, 2019 of RMB412,706,000, with adjustments for other intangible assets and goodwill as of June 30, 2019 of RMB114,010,000 and RMB183,968,000, respectively.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$30.60 and HK\$39.00 per H Share after deducting the estimated underwriting fees and other related expenses (excluding listing expenses of approximately RMB2,980,000 which have been accounted for in the consolidated statements of comprehensive income prior to June 30, 2019) payable by us, and takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 171,664,660 Shares were in issue assuming that the Global Offering has been completed on June 30, 2019 but takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.
- (4) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balance stated in Renminbi is converted in to Hong Kong dollars at the rate of RMB1.00 to HK\$1.1147. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent June 30, 2019.

### DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since June 30, 2019 (being the date to which our Company's latest consolidated audited financial results were prepared), and there has been no event since June 30, 2019 which would materially affect the information shown in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

## THE CORNERSTONE PLACING

The Company has entered into separate cornerstone investment agreements with (i) Shenzhen City China Merchants GuoXie No.2 Equity Investment Fund Management Co., Ltd (深圳市招商國協貳號股權投資基金管理有限公司) (“**SZ China Merchants GuoXie No.2**”), (ii) Longyuan Future City Investment Management (Shanghai) Co. Ltd (龍元明城投資管理(上海)有限公司) (“**Longyuan Future City**”), (iii) Suzhou Gardens Construction Industry Co. Ltd (蘇州園林營造產業股份有限公司) (“**Suzhou Gardens**”), (iv) Milestone Asset Management (Hong Kong) Limited (理成(香港)資產管理有限公司) (“**Milestone**”), (v) Canny Elevator Co., Ltd (康力電梯股份有限公司) (“**Canny Elevator**”) and (vi) SensePower Management Limited (“**SensePower Management**”) (collectively “**Cornerstone Investors**”, and each a “**Cornerstone Investor**”), pursuant to which the Cornerstone Investors in aggregate have agreed to subscribe<sup>(1)</sup> such number of Offer Shares as may be purchased with an investment amount of Hong Kong dollars equivalent of approximately HK\$603,182,812 rounded down to the nearest whole board lot) (the “**Cornerstone Placing**”).

Based on the Offer Price of HK\$30.60 (being the low end of the indicative offer price range of HK\$30.60 to HK\$39.00 per H Share), the total number of H Shares to be subscribed by the Cornerstone Investors would be 19,711,700, representing approximately (i) 51.0% of the International Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 43.8% of the International Offer Shares, assuming that the Over-allotment Option is fully exercised; (iii) 45.9% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 39.9% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 11.4% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 11.0% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

Based on the Offer Price of HK\$34.80 (being the mid-point of the indicative offer price range of HK\$30.60 to HK\$39.00 per H Share), the total number of H Shares to be subscribed by the Cornerstone Investors would be 17,332,500, representing approximately (i) 44.8% of the International Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 38.6% of the International Offer Shares, assuming that the Over-allotment Option is fully exercised; (iii) 40.3% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 35.1% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 10.3% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 9.7% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

Based on the Offer Price of HK\$39.00 (being the high end of the indicative offer price range of HK\$30.60 to HK\$39.00 per H Share), the total number of H Shares to be subscribed by the Cornerstone Investors would be 15,466,100, representing approximately (i) 40.1% of the International Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 34.4% of the International Offer Shares, assuming that the Over-allotment Option is fully exercised; (iii) 36.0% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 31.4% of the Offer Shares, assuming that the Over-allotment Option is fully exercised.

*Note:*

- (1) Calculated based on an exchange rate of RMB1.00: HK\$1.1147 and US\$1.00:HK\$7.8447 as described in “Information about this Prospectus and the Global Offering — Exchange Rate Conversion” in this prospectus. The actual investment amount of the relevant Cornerstone Investors may change due to the actual exchange rate be used as prescribed in the relevant cornerstone investment agreement, as well as whether or not brokerage, levies and/or other service fees are included as prescribed in the relevant Cornerstone Investment Agreement.

## CORNERSTONE INVESTORS

exercised; (v) 8.9% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 8.7% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

To the best knowledge of the Company, each of the Cornerstone Investors and their respective ultimate beneficial owners is independent of each other, independent of the Company, its connected persons and their respective associates, and not an existing shareholder or close associates of the Company. In addition, the Company confirms that (i) there is no side agreements or arrangements between the Group and each of the Cornerstone Investors entered into between the Group and the Cornerstone Investors for the purpose of the Cornerstone Placing; (ii) it became acquainted with each of the Cornerstone Investors through introduction by the relevant Underwriters in the Global Offering; (iii) none of the Cornerstone Investors are accustomed to take instructions from the Company, the Directors, chief executive of the Company, Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates; (iv) none of the subscription of the H Shares by the Cornerstone Investors are financed by the Company, the Directors, chief executive, Controlling Shareholders, substantial Shareholders, or existing Shareholders or any of its subsidiaries or their respective close associates.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around Thursday, October 17, 2019.

The Cornerstone Placing forms part of the International Offering. The Company is of the view that the investments of the Cornerstone Investors in the Company demonstrate to the potential investors that they are confident in the Company's business and prospect. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than pursuant to the respective cornerstone investment agreements). Immediately following completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in the Company, nor will any of the Cornerstone Investors become a substantial Shareholder (as defined in the Listing Rules). All Cornerstone Investors will be counted as part of the public float. The total number of Offer Shares to be subscribed for by the Cornerstone Investors may be adjusted by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in "Structure of the Global Offering — The Hong Kong Public Offering".

Pursuant to the terms of the cornerstone investment agreements entered into with each Cornerstone Investor, the Joint Representatives have the right to defer delivery of Offer Shares to be subscribed by each of the Cornerstone Investors in order to facilitate the stabilization by the Stabilizing Manager as well as to cover over-allocations in the International Offering. It is expected that the number of H Shares that could potentially be subject to deferred delivery will not be more than 6,437,500 H Shares. The latest time for delivery will be two Business Days from the expiry date for the exercise of the Over-allotment Option. Separately, the cornerstone investment agreement entered with SZ China Merchants Guoxie No.2 provides for deferral in settlement in payment. Based on the cornerstone investment agreement, the latest time for payment and delivery of H Shares will be two Business Days from the expiry date for the exercise of the Over-allotment Option. Save and except for the agreement with SZ China Merchants Guoxie No.2, none of the Cornerstone Investors will be able to defer settlement in payment.

## CORNERSTONE INVESTORS

### CORNERSTONE INVESTORS

The Company has entered into cornerstone investment agreements with each of the following Cornerstone Investors in respect of the Cornerstone Placing:

Cornerstone Investor	Investment Amount <sup>(1)</sup>	Hong Kong dollar equivalent (HK\$)	Indicative Offer Price <sup>(2)</sup>	Number of Offer Shares to be subscribed for	Approximate percentage of the International Offer Shares (assuming that Over-allotment Option is not exercised)	Approximate percentage of the International Offer Shares (assuming that Over-allotment Option is exercised in full)	Approximate percentages of the Offer Shares (assuming that Over-allotment Option is not exercised)	Approximate percentages of the Offer Shares (assuming that Over-allotment Option is exercised in full)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that Over-allotment Option is not exercised)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that Over-allotment Option is exercised in full)
SZ China Merchants Guoxie No. 2 Equity Investment Fund Management Co., Ltd (深圳市招商國協貳號 股權投資基金管理有限公司)	RMB150,000,000	HK\$167,205,000	HK\$30.60 HK\$34.80 HK\$39.00	5,464,200 4,804,700 4,287,300	14.1% 12.4% 11.1%	12.1% 10.7% 9.5%	12.7% 11.2% 10.0%	11.1% 9.7% 8.7%	3.2% 2.8% 2.5%	3.1% 2.7% 2.4%
Longyuan Future City Investment Management (Shanghai) Co. Ltd (龍元明城投資管理(上海)有限公司)	HK\$117,000,000	—	HK\$30.60 HK\$34.80 HK\$39.00	3,823,500 3,362,000 3,000,000	9.9% 8.7% 7.8%	8.5% 7.5% 6.7%	8.9% 7.8% 7.0%	7.7% 6.8% 6.1%	2.2% 2.0% 1.7%	2.1% 1.9% 1.7%
Suzhou Gardens Construction Industry Co. Ltd (蘇州園林營造產業股份有限公司)	HK\$117,000,000	—	HK\$30.60 HK\$34.80 HK\$39.00	3,823,500 3,362,000 3,000,000	9.9% 8.7% 7.8%	8.5% 7.5% 6.7%	8.9% 7.8% 7.0%	7.7% 6.8% 6.1%	2.2% 2.0% 1.7%	2.1% 1.9% 1.7%
Milestone Asset Management (Hong Kong) Limited (理成(香港)資產管理有限公司)	HK\$100,000,000	—	HK\$30.60 HK\$34.80 HK\$39.00	3,267,900 2,873,500 2,564,100	8.5% 7.4% 6.6%	7.3% 6.4% 5.7%	7.6% 6.7% 6.0%	6.6% 5.8% 5.2%	1.9% 1.7% 1.5%	1.8% 1.6% 1.4%
Canny Elevator Co., Ltd (康力電梯股份有限公司)	US\$8,000,000	HK\$62,757,600	HK\$30.60 HK\$34.80 HK\$39.00	2,050,900 1,803,300 1,609,100	5.3% 4.7% 4.2%	4.6% 4.0% 3.6%	4.8% 4.2% 3.7%	4.2% 3.7% 3.3%	1.2% 1.1% 0.9%	1.2% 1.0% 0.9%
SensePower Management Limited	US\$5,000,000	HK\$39,223,500	HK\$30.60 HK\$34.80 HK\$39.00	1,281,800 1,127,100 1,005,700	3.3% 2.9% 2.6%	2.8% 2.5% 2.2%	3.0% 2.6% 2.3%	2.6% 2.3% 2.0%	0.7% 0.7% 0.6%	0.7% 0.6% 0.6%

#### Notes:

- (1) Calculated based on an exchange rate of RMB1.00: HK\$1.1147 and US\$1.00:HK\$7.8447 as described in “Information about this Prospectus and the Global Offering — Exchange Rate Conversion” in this prospectus. The actual investment amount of the relevant Cornerstone Investors may change due to the actual exchange rate be used as prescribed in the relevant cornerstone investment agreement, as well as whether or not brokerage, levies and/or other service fees are included as prescribed in the relevant Cornerstone Investment Agreement.
- (2) Being the low end, mid-point and high end of the proposed Offer Price range set out in this prospectus respectively.

## CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

**Shenzhen City China Merchants GuoXie No.2 Equity Investment Fund Management Co., Ltd (深圳市招商國協貳號股權投資基金管理有限公司)**

SZ China Merchants GuoXie No.2 has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased for an aggregate amount of the Hong Kong dollars equivalent of RMB150 million at the Offer Price. SZ China Merchants GuoXie No.2 expects to fund the consideration for its Cornerstone Placing with its internal resources. SZ China Merchants GuoXie No.2 participates in the Cornerstone Placing as it is confident in the growth and development of the property management services industry in the PRC, in particular, the future growth and business prospect of the Group.

SZ China Merchants GuoXie No.2 is a company incorporated in the PRC and is principally engaged in, among others, asset management, investment management, equity investment funds management, equity investment, industrial investment, and investment consulting. SZ China Merchants GuoXie No.2 is a direct wholly-owned subsidiary of China Merchants Capital Management Co., Ltd (招商局資本管理有限責任公司) (“**China Merchants Capital**”), which is ultimately controlled by the State Council of the PRC and is principally engaged in equity investment management, investment consulting and equity investment within the scope permitted by laws and regulations. As at the date of the cornerstone investment agreement, China Merchants Capital plans to introduce a potential strategic investor who might hold significant shares after completion (which may or may not materialize). SZ China Merchants GuoXie No.2 will ensure, despite of the introduction of the potential strategic investor, compliance with the requirements under this cornerstone investment including but not limited to the independence and lock up requirements.

**Longyuan Future City Investment Management (Shanghai) Co. Ltd (龍元明城投資管理(上海)有限公司)**

Longyuan Future City has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased for an aggregate amount of HK\$117 million at the Offer Price. Longyuan Future City expects to fund the consideration for its Cornerstone Placing with its internal resources. Longyuan Future City participates in the Cornerstone Placing as it is confident in the growth and development of the property management services industry in the PRC, in particular, the future growth and business prospect of the Group.

Longyuan Future City is a company incorporated in the PRC and is principally engaged in industrial investment, public-private partnership investment and management consulting. It is a wholly-owned subsidiary of Longyuan Construction Group Co., Ltd (龍元建設集團股份有限公司) (“**Longyuan Construction**”), a company listed on the main board of the Shanghai Stock Exchange (Stock Code: 600491) which is principally engaged in construction-related activities.

Longyuan Future City confirmed that neither Longyuan Future City nor Longyuan Construction is required to obtain any approval from the Shanghai Stock Exchange to invest in the Company.



**Suzhou Gardens Construction Industry Co. Ltd (蘇州園林營造產業股份有限公司)**

Suzhou Gardens has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased for an aggregate amount of HK\$117 million at the Offer Price. Suzhou Gardens expects to fund the consideration for its Cornerstone Placing with its internal resources. Suzhou Gardens participates in the Cornerstone Placing as it is confident in the growth and development of the property management services industry in the PRC, in particular, the future growth and business prospect of the Group.

Suzhou Gardens is a company incorporated in Suzhou, Jiangsu Province, the PRC. The ultimate beneficial owner of Suzhou Gardens is an individual, Mr. Jin Binbin. The company is principally engaged in, among others, garden construction, planning, design, construction and operation management of cultural and ecological tourism areas, greening projects, municipal public works, city and road lighting engineering. The controlling shareholder of Suzhou Gardens is Jiangsu Gusu Landscape Construction Investment Holding Group Co. Ltd. (江蘇姑蘇園林建設投資控股集團有限公司), which is principally engaged in, among others, corporate investment, investment and development of projects, management of cultural performances, incubation, mergers and acquisitions, investment and restructuring of cultural innovation projects, as well as development, operation, management and consulting of cultural tourism projects.

**Milestone Asset Management (Hong Kong) Limited (理成(香港)資產管理有限公司)**

Milestone has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased for an aggregate amount of HK\$100 million at the Offer price. Milestone expects to fund the consideration for its Cornerstone Placing with its internal resources. Milestone participates in the Cornerstone Placing as it is confident in the growth and development of the property management services industry in the PRC, in particular, the future growth and business prospect of the Group.

Milestone is a company incorporated in Hong Kong and wholly owned by Mr. Cheng Yiquan (an Independent Third Party of the Company), which is principally engaged in asset management, marketing, trading, and investment.

**Canny Elevator Co., Ltd (康力電梯股份有限公司)**

Canny Elevator has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased for an aggregate amount of the HK dollars equivalent of US\$8 million at the Offer Price. Canny Elevator expects to fund the consideration for its Cornerstone Placing with its internal resources. Canny Elevator participates in the Cornerstone Placing as it is confident in the growth and development of the property management services industry in the PRC, in particular, the future growth and business prospect of the Group.

Canny Elevator is a joint stock company established in the PRC which is listed on the SME board of the Shenzhen Stock Exchange (Stock Code: 002367). Canny Elevator is the first company to get listed within the PRC domestic elevator industry and has been ranked by the Elevator World magazine as one of the top 10 global manufacturers in the elevator industry for two consecutive years in 2017 and 2018. Canny Elevator has four manufacturing bases in Suzhou, Chengdu and Zhongshan.

Canny Elevator confirmed that Canny Elevator is not required to obtain any approval from the Shenzhen Stock Exchange to invest in the Company.



### **SensePower Management Limited**

SensePower Management has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased for an aggregate amount of the HK dollars equivalent of US\$5 million at the Offer Price. SensePower Management expects to fund the consideration for its Cornerstone Placing with its internal resources. SensePower Management participates in the Cornerstone Placing as it is confident in the growth and development of the property management services industry in the PRC, in particular, the future growth and business prospect of the Group.

SensePower Management is a company incorporated in the British Virgin Islands which is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of SenseTime Group Inc. ("**SenseTime**"), and the ultimate beneficial owner of which is an individual, Dr. Tang Xiao'ou, a professor at the Department of Information Engineering of the Chinese University of Hong Kong. SenseTime is primarily engaged in developing innovative AI technologies, including deep learning platform and supercomputing center. It has launched a series of artificial intelligence technologies, including face recognition, image recognition, text recognition, medical image recognition, video analysis, driverless and remote sensing.

Save as disclosed above, to the best of the Company's knowledge, none of the other Cornerstone Investors or their respective substantial shareholders are listed on any stock exchanges.

### **CONSENT FOR ALLOCATION OF OFFER SHARES TO A CONNECT CLIENT OF ESSENCE**

In connection with the cornerstone investment by Canny Elevator, Canny Elevator has engaged Essence Securities Co., Ltd. ("**Essence Securities**"), a qualified domestic institutional investor as approved by the relevant PRC authority (the "**Essence Securities QDII**"), to subscribe for and hold its H shares on a discretionary basis on behalf of Canny Elevator. As (i) Essence Securities QDII is managed by Essence Securities and (ii) Essence International Securities (Hong Kong) Limited ("**EIS**"), one of the Joint Bookrunners and Underwriters, is an indirect wholly-owned subsidiary of Essence Securities, Essence Securities QDII is a "connected client" of EIS under paragraph 13(7) of Appendix 6 to the Listing Rules. Accordingly, the participation of Canny Elevator as a cornerstone investor through the Essence Securities QDII is subject to the consent under paragraph 13(7) of Appendix 6 to the Listing Rules from the Hong Kong Stock Exchange.

The Company confirmed that (i) the cornerstone investment agreement entered into with Canny Elevator does not contain any material terms which are more favourable to Canny Elevator or the Essence Securities QDII than those in other cornerstone investment agreements; and (ii) Canny Elevator is an Independent Third Party.

In addition, other than the preferential treatment of assured entitlement under such cornerstone investment agreement, (a) each of the Company and EIS, and to the best knowledge and belief, each of the Joint Bookrunners, confirmed that (i) EIS has not participated, and will not participate, in the decision-making process or relevant discussions among the Company and the other Underwriters as to whether the Canny Elevator will be selected as a cornerstone investor; and (ii) no preferential treatment has been, nor will be, given to the Essence Securities QDII by virtue of its relationship with EIS as distributor other than the preferential treatment of assured entitlement under such cornerstone investment agreement following the principles set out in the Guidance Letter HKEX-GL53-13; (b) the Essence Securities QDII confirmed that to the best of its knowledge and belief, it has not

## CORNERSTONE INVESTORS

received and will not receive preferential treatment in the allocation of the Offer Shares under the Global Offering on behalf of Canny Elevator as a cornerstone investor by virtue of its relationship with EIS; and (c) the Joint Sponsors confirmed that, based on their discussion with the Company, EIS, and the Joint Bookrunners, the confirmations (a) and (b) above and to the best of its knowledge and belief, they have no reason to believe that the Essence Securities QDII has received any preferential treatment in the allocation of the Offer Shares under the Global Offering as a cornerstone investor on behalf of Canny Elevator by virtue of its relationship with EIS.

An application has been made to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted us, a consent under paragraph 5(1) of Appendix 6 of the Listing Rules to allow the Offer Shares to be allocated to the Essence Securities QDII (to be held on behalf of Canny Elevator) as a “connected client” of EIS.

### CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent: (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) and not having been terminated; and (ii) the Listing Committee of the Stock Exchange having granted the Listing of, and permission to deal in, the H Shares and that such approval or permission not having been revoked.

Based on the terms and conditions of each cornerstone investment agreement, no shareholders' approval is required for the participation in the Cornerstone Placing by the relevant Cornerstone Investor. For the Cornerstone Investor which is a listed company, or having a parent company which is a listed company, as confirmed by the relevant Cornerstone Investor, there is no legal requirement for them to obtain shareholders' approval.

### RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each of the Cornerstone Investors has agreed that, save for the charge of all or some of the Offer Shares by the Cornerstone Investors as disclosed above, without the prior written consent of the Company and the relevant underwriter(s), it will not, whether directly or indirectly, at any time during the period of six (6) months starting from and inclusive of the Listing Date, (a) dispose of (as defined in the relevant cornerstone investment agreement) any of the relevant Offer Shares or any interest in any company or entity holding any of the relevant Offer Shares, other than in certain limited circumstances such as transfers to any wholly-owned subsidiary of such Cornerstone Investor provided that, amongst other requirements, such wholly-owned subsidiary undertakes to, and the Cornerstone Investor undertakes to procure that such subsidiary will, abide by such restrictions imposed on the Cornerstone Investor, (b) allow itself to undergo a change of statutory control (which has the meaning ascribed to it under the Takeovers Code) at the level of its ultimate beneficial owner, or (c) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction.

## FUTURE PLANS AND USE OF PROCEEDS

### FUTURE PLANS

Please refer to the section entitled “Business — Business Strategies” in this prospectus for a detailed description of our future plans.

### USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$34.80 per Offer Share (being the mid-point of the Offer Price Range stated in this prospectus), will be approximately HK\$1,384.8 million, after deducting underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds of the Global Offering for the following purposes assuming the Offer Price is fixed at HK\$34.80 per Offer Share (being the mid-point of the indicative Offer Price Range).

- approximately 77% of net proceeds to us (approximately HK\$1,066.3 million) will be used for the expansion of our property management services to enlarge our business scale (the “**Investment Plan**”), among which, (i) approximately 50%, or HK\$692.4 million, will be used to acquire or invest in other property management service providers for residential properties; (ii) approximately 17%, or HK\$235.4 million, will be used to acquire or invest in property management companies for non-residential properties, such as commercial properties, industrial parks, office buildings, schools and hospitals, in order to strengthen our ability to serve non-residential properties and further diversify our project portfolio; and (iii) approximately 10%, or HK\$138.5 million, will be used to acquire companies engaged in property management-related businesses, such as security, cleaning, gardening and maintenance service providers, in order to optimize our business structure and achieve synergy. As of the Latest Practicable Date, we did not have any investment or acquisition target. When we evaluate a potential investment or acquisition target, we would prefer an investment on a target that, among others, has (a) GFA under management of at least 3.0 million sq.m. (if the target is a property management company), (b) maintained annual revenue of at least RMB50.0 million for the most recent financial year (if the target is a property management company), (c) reputable brand and good corporate credit, and (d) stable management team with no changes of key senior management members within the three years prior to the proposed acquisition. It is expected that the locations of acquisition targets of property management companies for non-residential properties and companies engaging in property management-related businesses are similar to property management companies for residential properties. We aim to strengthen our market position in Southwest China, bolster our geographic presence across China and increase our market share in the East and South China, the Bohai Economic Rim and the Guangdong-Hong Kong-Macau Greater Bay Area. We believe that although our gross profit margin decreased in 2018 partially due to the lower gross profits of our newly acquired companies in the second half of 2017, the Investment Plan could eventually improve our profitability in the future for the following reasons: (i) introducing more community value-added services, which generally has a higher gross profit margin than property management services, to property management companies to be acquired could increase the overall revenue of our Group and increase our Group’s gross profit margin; (ii) the introduction and application of digitalization and automation on the acquisition targets could reduce the management cost and

## FUTURE PLANS AND USE OF PROCEEDS

improve management efficiency of the acquired companies; and (iii) our Investment Plan could further enlarge our Group's business scale which in turn could further reduce our Group's overall management costs and increase our Group's profitability;

- approximately 5% of net proceeds to us (approximately HK\$69.2 million) will be used to improve our community value-added services (the “**CVAS Enhancement**”). In particular, we plan to (i) invest approximately 1% of net proceeds to us, or HK\$13.8 million, in software, hardware and intelligent terminals to upgrade our “Justbon Life Pro (嘉寶生活家)” mobile application; (ii) invest approximately 1% of net proceeds to us, or HK\$13.8 million, to build and upgrade “Life Pro Experience Centers (生活家體驗中心)” to further improve the user experience of residents in properties under our management; and (iii) invest approximately 3% of net proceeds to us, or HK\$41.6 million, to cooperate with third-party suppliers to improve the quality and variety of our value-added services, in particular, to diversify the supply channels for products related to daily life and services, upgrade move-in furnishing services and initiate community care services and community education services. We believe such methods will enhance our customers' satisfaction, loyalty to and stickiness with us;
- approximately 8% of net proceeds to us (approximately HK\$110.8 million) to fund the maintenance and upgrade of our IT system (the “**IT Upgrade**”) (together with Investment Plan, IT Upgrade and CVAS Enhancement, the “**Expansion Plans**”), among which (i) approximately 3% of net proceeds to us, or HK\$41.6 million, will be used to purchase or upgrade our information technology software and (ii) approximately 5% of the net proceeds to us, or HK\$69.2 million, will be used to update our smart management and digitalization. In addition, through the comprehensive use of digitalization and operation automation in all aspects of our business, we strive to optimize information communication and resource allocation, and provide intelligent community solutions to property developers and property management companies, to further reduce operating costs and improve profitability. In particular, we plan to further develop the information system, improve the front, middle and back office systems, and realize the comprehensive information penetration of people, finances and properties. We plan to “productize” our implementation capabilities and management experience of intelligent community, and sell community product solutions to prospective property developers and property management companies through contractual cooperation. We also plan to provide other value-added services such as subsequent installation, implementation, acceptance check and operation maintenance. We believe that the application of advanced information technology software and upgraded intelligent management and digitalized system will make our customers satisfied and reduce labor cost, thereby enhancing decision-making and operational efficiency. Please refer to the section entitled “Business — Business Strategies — Continue to develop high-tech intelligent property management services, strengthen smart management and digitalization, upgrade the ‘Life Pro Service System (生活家服務體系),’ further reduce operating costs and improve profitability” in this prospectus; and
- approximately 10% of net proceeds to us (approximately HK\$138.5 million) for working capital and general corporate purposes. We expect our future operating capital demand will continue to grow, as our business expands through endogenous growth and merger and acquisitions, and as the product mix of community value-added services enlarges.

## FUTURE PLANS AND USE OF PROCEEDS

The above allocation of the proceeds will be adjusted on a *pro rata* basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price Range or that the Over-allotment Option is exercised.

If the Offer Price is fixed at HK\$39.00 per Offer Share (being the high end of the Offer Price Range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive the net proceeds of approximately HK\$1,559.2 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

If the Offer Price is fixed at HK\$30.60 per Offer Share (being the low end of the Offer Price Range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we will receive will be approximately HK\$1,210.4 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

In the event that the Over-allotment Option is exercised in full, we will receive additional net proceeds ranging from approximately HK\$190.6 million (assuming an Offer Price of HK\$30.60 per Share, being the low end of the proposed Offer Price Range) to HK\$242.7 million (assuming an Offer Price of HK\$39.00 per Share, being the high end of the proposed Offer Price Range), after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to apply the net proceeds to short-term principal-protected wealth management products. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

## FUTURE PLANS AND USE OF PROCEEDS

### Details of Expansion Plan

The following table sets forth key milestone(s), timeframe and the total estimated investment for each expansion plan.

Major Categories	Percentage of Total Proceeds	Amount of Proceeds (HK\$ in millions)	Sub-categories	Percentage of Total Proceeds	Amounts of Proceeds (HK\$ in millions)	Key Milestone(s)	Timeframe	Total Estimated Investment (HK\$ in millions)	Proposed Source of Funding if Net Proceeds are not Sufficient
<b>Investment Plan . . .</b>	<b>77%</b>	<b>1,066.3</b>							
			(i) Acquiring other property management service providers for residential properties	50%	692.4	<ul style="list-style-type: none"> <li>Completed investment and acquisition in target companies at the aggregate contract value of approximately HK\$349.8 million</li> </ul>	October 2019 – September 2020	1,066.3	The Company will fund such plan by, among others, internally generated funds, commercial bank loans and/or non-bank financial institutions (such as PE and acquisition funds), etc.
						<ul style="list-style-type: none"> <li>Completed investment and acquisition in target companies at the aggregate contract value of approximately HK\$208.4 million</li> </ul>	October 2020 – September 2021		
						<ul style="list-style-type: none"> <li>Completed investment and acquisition in target companies at the aggregate contract value of approximately HK\$134.2 million</li> </ul>	October 2021 – September 2022		
			(ii) Acquiring other property management service providers for non-residential properties	17%	235.4	<ul style="list-style-type: none"> <li>Completed investment and acquisition in target companies at the aggregate contract value of approximately HK\$98.1 million</li> </ul>	October 2019 – September 2020		
						<ul style="list-style-type: none"> <li>Completed investment and acquisition in target companies at the aggregate contract value of approximately HK\$92.5 million</li> </ul>	October 2020 – September 2021		
						<ul style="list-style-type: none"> <li>Completed investment and acquisition in target companies at the aggregate contract value of approximately HK\$44.8 million</li> </ul>	October 2021 – September 2022		



## FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of Total Proceeds	Amount of Proceeds (HK\$ in millions)	Sub-categories	Percentage of Total Proceeds	Amounts of Proceeds (HK\$ in millions)	Key Milestone(s)	Timeframe	Total Estimated Investment (HK\$ in millions)	Proposed Source of Funding if Net Proceeds are not Sufficient
CVAS Enhancement . . .			(iii) Acquiring property management related business service providers	10%	138.5	<ul style="list-style-type: none"> <li>Completed the investment in the aggregate contract value of approximately HK\$137.5 million mainly in the cleaning, gardening and maintenance services</li> <li>Completed the investment in the aggregate contract value of approximately HK\$1.0 million mainly in the cleaning, gardening and maintenance services</li> </ul>	October 2019 — September 2020		
	5%	69.2	(i) Upgrading "Justbon Life Pro (嘉寶生活家)" mobile application	1%	13.8	<ul style="list-style-type: none"> <li>Completed phase 1 upgrade to optimize its basic functions, including moving-in furnishing service system, residential property agency service system, "Employee Life Pro (員工生活家)" mobile application</li> <li>Completed phase 2 upgrade for digitalization of business services, including moving-in furnishing service system, residential property agency service system, "Employee Life Pro (員工生活家)" mobile application</li> </ul>	October 2019 — September 2020	69.2	The Company will use cash generated from operation
							October 2020 — September 2021		

## FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of Total Proceeds	Amount of Proceeds (HK\$ in millions)	Sub-categories	Percentage of Total Proceeds	Amounts of Proceeds (HK\$ in millions)	Key Milestone(s)	Timeframe	Total Estimated Investment (HK\$ in millions)	Proposed Source of Funding if Net Proceeds are not Sufficient
						<ul style="list-style-type: none"> <li>Completed phase 3 upgrade for optimization and digitalization for multiple systems including moving-in furnishing service system, residential property agency service system, "Employee Life Pro (員工生活家)" mobile application</li> </ul>	October 2021 – September 2022		
			(ii) Building and upgrading "Life Pro Experience Centers (生活家體驗中心)"	1%	13.8	<ul style="list-style-type: none"> <li>Built and upgraded 60 "Life Pro Experience Centers (生活家體驗中心)"</li> </ul>	October 2019 – September 2020		
						<ul style="list-style-type: none"> <li>Built and upgraded 160 "Life Pro Experience Centers (生活家體驗中心)"</li> </ul>	October 2020 – September 2021		
						<ul style="list-style-type: none"> <li>Built and upgraded 170 "Life Pro Experience Centers (生活家體驗中心)"</li> </ul>	October 2021 – September 2022		
			(iii) Investing in the cooperation with third-party suppliers to improve the quality and variety of our community value-added services	3%	41.6	<ul style="list-style-type: none"> <li>Completed phase 1 minor equity interest investment in service companies, trade companies and fine decoration companies and their respective pilot operations in Sichuan Province,</li> </ul>	October 2019 – September 2020		
						<ul style="list-style-type: none"> <li>Completed phase 2 investment in these companies and further promotion of their businesses nationwide;</li> </ul>	October 2020 – September 2021		

## FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of Total Proceeds	Amount of Proceeds (HK\$ in millions)	Sub-categories	Percentage of Total Proceeds	Amounts of Proceeds (HK\$ in millions)	Key Milestone(s)	Timeframe	Total Estimated Investment (HK\$ in millions)	Proposed Source of Funding if Net Proceeds are not Sufficient
IT Upgrade . . . . .	8%	110.8	(i) Investing in information technology software	3%	41.6	<ul style="list-style-type: none"> <li>Completed phase 1 upgrade including but not limited to installing software for 80 unmanned entrances, equipping smart inspection system for 232 projects, and setting up basic platform for cloud video;</li> <li>Completed setting up middle office for data platform, phase 1 data management and data risk management for 43 indices and 58 warning indices;</li> <li>Completed basic setting up for management platform, realizing authority management for platform, and reallocation of sub-system and phase 1 for the business process management platform;</li> <li>Completed system construction for property management fee collection and electronic invoices for parking lots and malls;</li> <li>Completed implementation of 258 projects for electronic invoices;</li> </ul>	October 2019 – September 2020	110.8	The Company will use cash generated from operation

## FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of Total Proceeds	Amount of Proceeds (HK\$ in millions)	Sub-categories	Percentage of Total Proceeds	Amounts of Proceeds (HK\$ in millions)	Key Milestone(s)	Timeframe	Total Estimated Investment (HK\$ in millions)	Proposed Source of Funding if Net Proceeds are not Sufficient
						<ul style="list-style-type: none"> <li>Completed phase 2 upgrade including but not limited to installing software for 140 unmanned entrances, equipping smart inspection system for 260 projects, and setting up key points access for 200 cloud video projects;</li> <li>Completed setting up middle office for data platform, phase 2 data management and data risk management for 50 indices and 40 warning indices;</li> <li>Completed optimization for management platform, realizing authority management for platform, and reallocation of sub-system and phase 2 for the business process management platform;</li> <li>Completed system construction for electronic invoices and e-tax system for filing taxes;</li> <li>Completed implementation of 250 projects for electronic invoices;</li> </ul>	October 2020 – September 2021		

## FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of Total Proceeds	Amount of Proceeds (HK\$ in millions)	Sub-categories	Percentage of Total Proceeds	Amounts of Proceeds (HK\$ in millions)	Key Milestone(s)	Timeframe	Total Estimated Investment (HK\$ in millions)	Proposed Source of Funding if Net Proceeds are not Sufficient
						<ul style="list-style-type: none"> <li>Completed phase 3 upgrade including but not limited to installing software for 200 unmanned entrances, equipping smart inspection system for 200 projects, and setting up key points access for 300 cloud video projects;</li> <li>Completed optimization for middle office data platform, phase 3 data management and data risk management for 50 indices and 40 warning indices;</li> <li>Completed integration for business, financial and tax management process; completed implementation of 250 projects for electronic invoices;</li> </ul>	October 2021 – September 2022		

## FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of Total Proceeds	Amount of Proceeds (HK\$ in millions)	Sub-categories	Percentage of Total Proceeds	Amounts of Proceeds (HK\$ in millions)	Key Milestone(s)	Timeframe	Total Estimated Investment (HK\$ in millions)	Proposed Source of Funding if Net Proceeds are not Sufficient
			(ii) Upgrading smart management and digitalization	5%	69.2	<ul style="list-style-type: none"> <li>Completed blending ECM system with IoT platform, connecting with smart inspection system; completed implementation of ECM system for 52 projects;</li> <li>Completed structural upgrading for integrated billing system, by perfecting its key functions to optimize user experience;</li> <li>Upgraded the integrated system of business and financial management, and completed the access point for account sharing center; completed financial accounts sharing pilot operations for 50 projects;</li> <li>Upgraded user experience in ECM platform, increasing the integration of new equipment and completed implementation of ECM system for 75 projects;</li> <li>Completed construction for facial recognition features for intelligent access control system, and connected to 50 projects for pilot operations;</li> </ul>	October 2019 – September 2020		
							October 2020 – September 2021		



## FUTURE PLANS AND USE OF PROCEEDS

Major Categories	Percentage of Total Proceeds	Amount of Proceeds (HK\$ in millions)	Sub-categories	Percentage of Total Proceeds	Amounts of Proceeds (HK\$ in millions)	Key Milestone(s)	Timeframe	Total Estimated Investment (HK\$ in millions)	Proposed Source of Funding if Net Proceeds are not Sufficient
						<ul style="list-style-type: none"> <li>Further updated integrated billing system, to optimize user experience;</li> <li>Completed overall construction for budget system, and operation for 450 accounting sharing system;</li> <li>Implemented smart household devices including voice control ability;</li> <li>Optimized user experience on ECM platform; completed implementation of ECM system for 75 projects;</li> <li>Completed construction for intelligent access control system for 100 projects for pilot operation;</li> <li>Further updated integrated billing system to stabilize its core functions;</li> <li>Upgraded construction for business and financial integration system, and completed operation for 150 accounting sharing system;</li> <li>Realize more manufacturers' smart household equipment access to the whole house smart platform, and realize rich scene control ability.</li> </ul>	October 2021 – September 2022		

## FUTURE PLANS AND USE OF PROCEEDS

### COST AND BENEFIT ANALYSIS ON IT UPGRADE

We believe the investment in IT Upgrade cannot only reduce our operating cost, but could also increase our management efficiency, improve the service quality and customers' satisfaction. The table below sets forth the quantitative cost and benefit analysis on our investment in certain items of our IT Upgrade plan for the three years ending September 30, 2022 based on our current investment plan on IT Upgrade and assume there will be no material change on applicable PRC laws and regulations, especially tax related laws and regulations. Therefore, the estimates and projections below are subject to changes and uncertainties.

Period	Costs For	Investment Amounts	Benefits From	Cost Saving Amounts	Net (Cost)/ Benefit
		(HK\$ in thousands)		(HK\$ in thousands)	(HK\$ in thousands)
October 2019 — September 2020 . . . . .	Installing software for 80 unmanned entrances	(1,162.8)	Reduction of manual labor cost	7,290.7	6,127.9
	E-tax system for filing tax	(1,162.8)	Reduction of manual labor cost, posting cost and printing cost	1,437.2	274.4
October 2020 — September 2021 . . . . .	Installing software for 140 unmanned entrance	(1,744.2)	Reduction of manual labor cost	13,674.4	11,930.2
	Accounting sharing platform	(5,814.0)	Reduction of manual labor cost	6,779.1	965.1
	E-tax system for filing tax	(1,744.2)	Reduction of manual labor cost, posting cost and printing cost	3,348.8	1,604.6
October 2021 — September 2022 . . . . .	Installing software for 200 unmanned entrance	(2,325.6)	Reduction of manual labor cost	19,534.9	17,209.3

## FUTURE PLANS AND USE OF PROCEEDS

Period	Costs For	Investment Amounts	Benefits From	Cost Saving Amounts	Net (Cost)/ Benefit
		(HK\$ in thousands)		(HK\$ in thousands)	(HK\$ in thousands)
	Accounting sharing platform	(2,907.0)	Reduction of manual labor cost	9,034.9	6,127.9
	E-tax system for filing tax	(1,162.8)	Reduction of manual labor cost, posting cost and printing cost	4,046.5	2,883.7
<b>Total . . . . .</b>	<b>N/A</b>	<b><u>(18,023.4)</u></b>	<b>N/A</b>	<b><u>65,146.5</u></b>	<b><u>47,123.1</u></b>

As illustrated above, the total estimated investment in certain IT Upgrade (including installing unmanned entrances, ECM system upgrade, accounting sharing platform upgrade and E-tax system) is approximately HK\$18.0 million for the three years ending September 30, 2022. The aggregate labor cost reduction attributed from such IT Update is expected to be approximately HK\$65.1 million for the same period, resulting in a net benefit of approximately HK\$47.1 million. Other than the above quantitative analysis, IT upgrade in other areas, such as upgrades in smart inspection system and data center, will also bring us benefits that cannot be quantified, such as, among others, strengthening our management efficiency, improving the quality of our services, reducing indirect labour costs and enhancing customer satisfaction, all of which could help us attract and retain more customers and increase our revenue and gross profit. In addition, digitalization and operation automation could also help us to minimize human error and establish unified property service standard to ensure consistent and quality service.

## UNDERWRITING

### HONG KONG UNDERWRITERS

#### Joint Lead Managers

Huatai Financial Holdings (Hong Kong) Limited  
ABCI Securities Company Limited  
Guotai Junan Securities (Hong Kong) Limited  
Essence International Securities (Hong Kong) Limited  
China Industrial Securities International Capital Limited  
China Galaxy International Securities (Hong Kong) Co., Limited  
Shenwan Hongyuan Securities (H.K.) Limited  
First Shanghai Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 4,291,800 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to the Listing Committee granting listing of, and permission to deal in, our H Shares in issue and to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to subscribe or procure subscribers for its applicable proportion of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

One of the conditions is that the Offer Price must be agreed between us and the Joint Representatives on behalf of the Hong Kong Underwriter. For applicants applying under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The International Offering will be fully underwritten by the International Underwriter. If, for any reason, the Offer Price is not agreed between us and the Joint Representatives on behalf of the Underwriters, the Global Offering will not proceed.

##### ***Grounds for Termination***

The obligations of the Hong Kong Underwriter to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If, at any time prior to 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into effect:
  - (i) any event, series of events or circumstance, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, material riots, public disorder, acts of war, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union or any other jurisdiction relevant to any member of the Group or the Global Offering (collectively, the “**Relevant Jurisdictions**”); or

## UNDERWRITING

- (ii) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in or representing any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions or exchange control or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or
- (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
- (iv) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions; or
- (v) any new law, or any change or development involving a prospective change or any event or circumstance likely to result in a change or development involving a prospective change in existing laws or in the interpretation or application thereof by any court or other competent authority, in each case, in or affecting any of the Relevant Jurisdictions; or
- (vi) the imposition of economic sanctions, or the withdrawal of the trade privileges in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (vii) a change or development involving a prospective change in taxation, or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (viii) any materialization of any of the risks set out in the section entitled “Risk Factors” in this prospectus; or
- (ix) any litigation or claim of any third party being threatened or instigated against any member of the Group or any executive Director; or
- (x) a contravention by any member of the Group of the Listing Rules or applicable laws; or

## UNDERWRITING

- (xi) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or
- (xii) an executive Director being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (xiii) an authority or a political body or organization in any of the Relevant Jurisdictions announcing or commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group or any executive Director; or
- (xiv) the chairman or president of the Company vacating his or her office; or
- (xv) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the H Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xvi) that a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled; or
- (xvii) the issue or requirement to issue by the Company of any supplement or amendment to the prospectus (or to any other documents used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (for themselves or on behalf of the Hong Kong Underwriters):

- (i) has or will result or may result in a material adverse effect on the assets, liabilities, business, management, general affairs, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (ii) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (iii) makes or will make or may make it inadvisable or inexpedient or impracticable or incapable for the Global Offering to proceed as envisaged or to market the Global Offering or to deliver the Offer Shares on the terms and in the manner contemplated by the prospectus; or



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- (b) there has come to the notice of the Joint Representatives:
- (i) that any statement contained in any of the Hong Kong Public Offering documents and/or in any notices, announcements, the Hong Kong Information Packs (as defined in the Hong Kong Underwriting Agreement), communications or other documents issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering documents and/or any notices, announcements, the Hong Kong Information Packs (as defined in the Hong Kong Underwriting Agreement), communications or other documents issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not, in all material respects, fair and honest and based on reasonable assumptions; or
  - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the prospectus date, result in a material misstatement in, or constitute an material omission from any of the Hong Kong Public Offering documents, the Hong Kong Information Packs (as defined in the Hong Kong Underwriting Agreement) and/or in any notices, announcements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
  - (iii) any material breach of any of the obligations imposed upon the Company, any of the Signing Shareholders (as defined in the Hong Kong Underwriting Agreement) or any indemnifying party under the Hong Kong Underwriting Agreement (other than upon any of the Hong Kong Underwriters); or
  - (iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
  - (v) any breach of, or any event or circumstances rendering untrue or incorrect or misleading in any respect, any of the warranties; or
  - (vi) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
  - (vii) the Company withdraws the prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

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- (viii) any person has withdrawn its consent to being named as an expert in any of the Hong Kong Public Offering Documents or to the issue of any of the Hong Kong Public Offering Documents; or
- (ix) a prohibition (either governmental, regulatory, judicial or otherwise) on the Company for whatever reason from offering, allotting, issuing or selling any of the H Shares (including the Over-allotment Option Shares) pursuant to the terms of the Global Offering,

then the Joint Representatives may (for itself and on behalf of the Hong Kong Underwriter) in their sole and absolute discretion and upon giving notice orally or in writing to the Company terminate the Hong Kong Underwriting Agreement with immediate effect.

### **Undertakings to the Stock Exchange pursuant to the Listing Rules**

#### ***Undertakings by us***

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further H Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except for H Shares issued pursuant to the Global Offering (including pursuant to the Over-allotment Option) or any of the circumstances provided under Rule 10.08 of the Listing Rules.

#### ***Undertakings by the Controlling Shareholders***

Pursuant to Rule 10.07(1) of the Listing Rules and the Guidance Letter HKEX-GL89-16, each of the Controlling Shareholders has undertaken to our Company and the Stock Exchange that, except pursuant to the Global Offering (including any exercise of the Over-allotment Option), it shall not and shall procure that the relevant registered Shareholder(s) shall not, without the prior written consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules:

- in the period commencing from the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the H Shares or securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner; and
- during the period of six months commencing on the date on which the period referred to in the immediate preceding paragraph above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the H Shares or securities referred to in the immediately preceding paragraph above to such an extent that immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of the Company for the purposes of the Listing Rules.

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Note 2 to Rule 10.07 of the Listing Rules provides that such rule does not prevent a Controlling Shareholder from using the H Shares beneficially owned by it as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has further undertaken to the Company and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will immediately inform us and the Stock Exchange of:

- any pledges or charges of any H Shares or securities of our Company beneficially owned by it in favor of any authorized institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, and the number of such H Shares or securities of our Company so pledged or charged; and
- any indication received by it, either verbal or written, from the pledgee or chargee that any H Shares or other securities of our Company pledged or charged will be disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders (or its respective shareholders) and disclose such matters by way of an announcement as required under the List Rules as soon as possible after being so informed by any of the Controlling Shareholders (or its respective shareholders).

### **Undertakings to the Hong Kong Underwriter pursuant to the Hong Kong Underwriting Agreement**

#### ***Undertakings by our Company***

Pursuant to the Hong Kong Underwriting Agreement, our Company has also undertaken to each of the Joint Global Coordinators, the Joint Representatives, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriter that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-Month Period**”), our Company will not, without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriter) and unless in compliance with the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any equity securities of the Company), or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

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- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any equity securities of the Company or any equity interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any equity securities of the Company); or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above;
- (iv) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of such equity securities, in cash or otherwise (whether or not the issue of such equity securities will be completed within the First Six-Month Period).

The Company further agrees that, in the event the Company enters into any of the transactions described in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), it shall take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any Shares or other securities of the Company.

### ***Undertakings by certain undertaking Shareholders***

Each of Languang Development and Languang Hejun agrees and undertakes to each of the Company, the Joint Global Coordinators, the Joint Representatives, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriter that, without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriter) and unless in compliance with the Listing Rules:

- (a) during the First Six-Month Period, it will not:
  - (i) offer, pledge, charge, sell, contract to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any H Shares or any other equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any other equity securities of the Company) held by it as of the date of the Hong Kong Underwriting Agreement; or
  - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of such H Shares or equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares) held by it as of the date of the Hong Kong Underwriting Agreement; or

## UNDERWRITING

- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) offer to or agree to, or announce any intention to enter into any transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed with the First Six-Month Period), save as provided under Note (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules; and

- (b) (A) during the Second Six-Month Period, it will not enter into any of the foregoing transactions in paragraphs (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transactions if, immediately following such transaction or action, it will cease to be a controlling shareholder of the Company for the purposes of the Listing Rules; and
- (B) until the expiry of the Second Six-Month Period, in the event that it enters into any of the foregoing transactions in paragraphs (a)(i), (ii) or (iii) above or offers to or agrees to, or announces an intention to effect any such transactions, it will take all reasonable steps to ensure that any such transaction will not create a disorderly or false market in the securities of the Company.

### ***Indemnity***

Our Company has agreed to indemnify, among others, the Joint Global Coordinators, the Joint Representatives, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriter for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement as the case may be.

### **The International Offering**

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the International Underwriter. Under the International Underwriting Agreement, the International Underwriter will, subject to certain conditions set out therein, agree to procure subscribers or purchasers for the International Offer Shares, failing which it agrees to subscribe for or purchase the International Offer Shares which are not taken up under the International Offering.

Our Company is expected to grant to the International Underwriter the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriter at any time from the Listing Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 6,437,500 additional H Shares representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over-allocations (if any) in the International Offering.

## UNDERWRITING

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

### **Total Commission and Expenses**

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriter will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriter but will instead be paid, at the rate applicable to the International Offering, to the International Underwriter. Our Company may, at our sole discretion upon successful consummation of the Global Offering, pay to the Hong Kong Underwriters an additional discretionary incentive fee.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK\$34.80 per H Share (being the mid-point of the indicative offer price range of HK\$30.60 to HK\$39.00 per H Share), the aggregate commissions and fees, together with listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering (collectively the “**Commissions and Fees**”) are estimated to be approximately HK\$108.5 million in total.

### **Activities by Syndicate Members**

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as “**Syndicate Members**”, and their affiliates may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- the Syndicate Members (except for the Stabilizing Manager, its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities



## UNDERWRITING

involving, directly or indirectly, buying and selling the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described in the sections headed “Structure of the Global Offering — The International Offering — Over-allotment Option” and “Structure of the Global Offering — The International Offering-Stabilization.” These activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

### **Hong Kong Underwriter’s Interests in our Company**

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriters do not have any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Underwriters and their respective affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

### **Other Services to our Company**

The Joint Global Coordinators, the Hong Kong Underwriters or their respective affiliates have, from time to time, provided and expect to provide in the future investment banking and other services to our Company and our respective affiliates, for which such Joint Global Coordinators, Hong Kong Underwriters or their respective affiliates have received or will receive customary fees and commissions.

### **Over-Allotment and Stabilization**

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in the sections headed “Structure of the Global Offering — Stabilization”, and “Structure of the Global Offering — The International Offering — Over-allotment Option”.

### **Independence of the Joint Sponsors**

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

## STRUCTURE OF THE GLOBAL OFFERING

### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of 4,291,800 H Shares (subject to reallocation) in Hong Kong as described in the paragraph headed “— The Hong Kong Public Offering” below; and
- (ii) the International Offering of an aggregate of initially 38,624,400 H Shares, consisting of the offering of our H Shares outside the United States in reliance on Regulation S under the U.S. Securities Act. At any time from the Listing Date until 30 days after the last day for lodging of applications in the Hong Kong Public Offering, the Joint Representatives, as representatives of the International Underwriters, have an option to require our Company to allot and issue up to 6,437,500 additional H Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the Company’s enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 25% of the enlarged issued share capital of the Company immediately after the completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the enlarged issued share capital immediately after the completion of the Global Offering and the exercise of the Over-allotment Option as set out in the paragraph headed “— The International Offering — Over-allotment Option” below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed “— The Hong Kong Public Offering — Reallocation and clawback” below.

### THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares initially offered

Our Company is initially offering 4,291,800 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares will represent approximately 2.5% of the Company’s enlarged share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

## STRUCTURE OF THE GLOBAL OFFERING

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed “— Conditions of the Global Offering” below.

### **Allocation**

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and for pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 2,145,900 Hong Kong Offer Shares, being 50% of the 4,291,800 Hong Kong Offer Shares are liable to be rejected.

### **Reallocation and clawback**

The allocation of the Offers Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation as further described below:

If the Offer Shares under the International Offering are fully subscribed or oversubscribed and, if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation (such reallocation being referred to in this prospectus as “Mandatory Reallocation”), the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 12,874,900 Offer Shares (in the case of (i)), 17,166,500 Offer Shares (in the case of (ii)) and 21,458,100 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate. In addition to any Mandatory Reallocation which may be required, the Joint Representatives may, at their discretion, allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the

## STRUCTURE OF THE GLOBAL OFFERING

Hong Kong Public Offering, regardless of whether the Mandatory Reallocation is triggered. The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Representatives. In the event that the Joint Representatives decide to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering, and such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, in accordance with Guidance Letter HKEx-GL-91-18, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering will be 4,291,800 Offer Shares (representing approximately 10% of the number of the Offer Shares being offered under the Global Offering), so that the total number of Offer Shares for subscription under the Hong Kong Public Offering will increase up to 8,583,600 H Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the number of Offer Shares initially available under the Global Offering, and the Offer Price shall be fixed at the low end of the Offer Price Range (i.e. HK\$30.60 per Offer Share) stated in this prospectus.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Representatives has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate.

### Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$39.00 per Offer Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing of the Global Offering" below, is less than the maximum price of HK\$39.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Hong Kong Offer Shares".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

## THE INTERNATIONAL OFFERING

### Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 38,624,400 H Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering and approximately 22.5% of the Company's enlarged share capital immediately after the Global Offering, assuming that the Over-allotment Option is not exercised.

## STRUCTURE OF THE GLOBAL OFFERING

### Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the paragraph headed “— Pricing of the Global Offering” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Representatives (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

### Over-allotment Option

In connection with the Global Offering, we are expected to grant an Over-allotment Option to the International Underwriter exercisable by the Joint Representatives on behalf of the International Underwriter.

Pursuant to the Over-allotment Option, the Joint Representatives have the right, exercisable at any time from the Listing Date until 30 days after the last date for lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 6,437,500 additional H Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our Company’s enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

### STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for them, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H



## STRUCTURE OF THE GLOBAL OFFERING

Shares at a level higher than that which might otherwise prevail in the open market for a limited period of up to 30 calendar days after the last day for the lodging of applications under the Hong Kong Public Offering. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 6,437,500 H Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Ordinance (Chapter 571W of the Laws of Hong Kong) include:

- (a) over-allocation for the purpose of preventing or minimising any reduction in the market price;
- (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimising any deduction in the market price;
- (c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;
- (d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimising any reduction in the market price;
- (e) selling the H Shares to liquidate a long position held as a result of those purchases; and
- (f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing



## STRUCTURE OF THE GLOBAL OFFERING

Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Hong Kong Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilise, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Ordinance (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilizing period.

### PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Friday, October 11, 2019 and in any event on or before Wednesday, October 16, 2019, by agreement between the Joint Representatives (on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$39.00 per H Share and is expected to be not less than HK\$30.60 per H Share, unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK\$34.80 per H Share, plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the bottom end of the indicative Offer Price range stated in this prospectus.**

The Joint Representatives (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the bottom end of the indicative Offer Price range below that stated in this prospectus, at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

## STRUCTURE OF THE GLOBAL OFFERING

In such a case, our Company will, as soon as practicable following the decision to make such reduction and/or set the final Offer Price below the bottom end of the indicative Offer Price range, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of our Company ([www.justbon.com.cn](http://www.justbon.com.cn)) notices of the reduction. Upon issue of a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Representatives (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Applicants should have regard to the possibility that any notice of a reduction in the number of Offer Shares being offered under the Global Offering and/or the bottom end of the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth in this prospectus, and any other financial information which may change as a result of any such reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, we will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Representatives may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Representatives.

The Offer Price under the Global Offering, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocation in the Hong Kong Public Offering are expected to be announced on Thursday, October 17, 2019 through a variety of channels in the manner described in “How to Apply for Hong Kong Offer Shares — 11. Publication of Results” in this prospectus.

### HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed “Underwriting”.

## STRUCTURE OF THE GLOBAL OFFERING

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);
- (ii) the Offer Price having been fixed on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Representatives (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for the Hong Kong Offer Shares.” In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Thursday, October 17, 2019 but will only become valid certificates of title at 8:00 a.m. on Friday, October 18, 2019 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised.

### H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day.

## STRUCTURE OF THE GLOBAL OFFERING

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **DEALING**

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, October 18, 2019, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Friday, October 18, 2019. Our H Shares will be traded in board lots of 100 H Shares each and the stock code of our H Shares will be 2606.

## HOW TO APPLY FOR HONG KONG OFFER SHARES

### 1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Representatives, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Company and the Joint Representatives may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

## HOW TO APPLY FOR HONG KONG OFFER SHARES

### 3. APPLYING FOR HONG KONG OFFER SHARES

#### Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through [www.hkeipo.hk](http://www.hkeipo.hk).

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. from Tuesday, October 8, 2019, until 12:00 noon on Friday, October 11, 2019 from:

(i) *the following office of the Hong Kong Underwriters:*

**Huatai Financial Holdings (Hong Kong) Limited**

Unit 5801-05, 58/F, The Center  
99 Queen's Road Central  
Hong Kong

**ABCI Securities Company Limited**

11/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

**Guotai Junan Securities (Hong Kong) Limited**

27/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

**Essence International Securities (Hong Kong) Limited**

39/F, One Exchange Square  
Central, Hong Kong

**China Industrial Securities International Capital Limited**

7/F, Three Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**China Galaxy International Securities (Hong Kong) Co., Limited**

20/F Wing On Centre  
111 Connaught Road Central  
Hong Kong

**Shenwan Hongyuan Securities (H.K.) Limited**

Level 19  
28 Hennessy Road  
Hong Kong

**First Shanghai Securities Limited**

19/F., Wing On House  
71 Des Voeux Road Central  
Hong Kong



## HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) *any of the branches of the following receiving bank:*

### **Industrial and Commercial Bank of China (Asia) Ltd.**

<b>District</b>	<b>Branch Name</b>	<b>Branch Address</b>
Hong Kong Island . . . . .	Sheung Wan Branch	Shop F, G/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Sheung Wan, Hong Kong
	Admiralty Branch	Shop 1013-1014, 1/F, United Centre, 95 Queensway, Admiralty, Hong Kong
	Aberdeen Branch	Shop 7A, G/F, Site 1, Aberdeen Centre, Hong Kong
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road, Hong Kong
Kowloon . . . . .	Tsimshatsui East Branch	Shop B, G/F, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon
	Shamshuipo Branch	G/F, 290 Lai Chi Kok Road, Shamshuipo, Kowloon
	Hung Hom Branch	Shop 2A, G/F, Hung Hom Shopping Mall, 2-34E Tak Man Street, Hung Hom, Kowloon
	Wong Tai Sin Branch	Shop 128, Level One, Wong Tai Sin Plaza, 103 Ching Tak Street, Wong Tai Sin, Kowloon
	Kwun Tong Branch	Shop 5&6, 1/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon
New Territories . . . . .	Kwai Fong Branch	C63A-C66, 2/F, Kwai Chung Plaza, Kwai Fong, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. from Tuesday, October 8, 2019 until 12:00 p.m. noon on Friday, October 11, 2019 from the Depository Counter of **HKSCC** at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

## HOW TO APPLY FOR HONG KONG OFFER SHARES

### Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — Sichuan Languang Justbon Services Group Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Tuesday, October 8, 2019 – 9:00 a.m. to 5:00 p.m.
- Wednesday, October 9, 2019 – 9:00 a.m. to 5:00 p.m.
- Thursday, October 10, 2019 – 9:00 a.m. to 5:00 p.m.
- Friday, October 11, 2019 – 9:00 a.m. to 12:00 noon

The application for the Hong Kong Offer Shares will commence on Tuesday, October 8, 2019 through Friday, October 11, 2019.

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, October 11, 2019, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Joint Representatives (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of the Company, the Joint Global Coordinators, the Joint Representatives, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

## HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, the H Share Registrar, receiving bank, the Joint Global Coordinators, the Joint Representatives, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators, the Joint Representatives, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any H Share certificate(s) and/or e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you fulfill the criteria mentioned in "— 14. Despatch/collection of H Share Certificates and Refund Monies — Personal collection" in this section to collect the H Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

## HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

### Additional Terms and Conditions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

## 5. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

### General

Individuals who meet the criteria in “Who can apply” in this section may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **HK eIPO White Form** service to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

### Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, October 8, 2019 until 11:30 a.m. on Friday, October 11, 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, October 11, 2019 or such later time under the “— 10. Effect of Bad Weather on the Opening of the Applications Lists” in this section.

### No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

## HOW TO APPLY FOR HONG KONG OFFER SHARES

### Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding up and Miscellaneous Provisions) Ordinance).

### 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

#### General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

#### **Hong Kong Securities Clearing Company Limited**

Customer Service Centre  
1/F, One & Two Exchange Square  
8 Connaught Place  
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Global Coordinator and our H Share Registrar.

### Giving Electronic Application Instructions To HKSCC Via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

## HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (If the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send H Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Representatives, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our H Share Registrar, receiving bank, the Joint Representatives, the Underwriters and/or its respective advisors and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;



## HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong;
- agree with the Company, for itself and for the benefit of each shareholder of the Company and each Director, Supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each Director, Supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):
  - (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association;

## HOW TO APPLY FOR HONG KONG OFFER SHARES

- (b) that any award made in such arbitration shall be final and conclusive; and
- (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;
- agree with the Company (for the Company itself and for the benefit of each Shareholder of the Company) that H Shares in the Company are freely transferable by their holders; and
- authorize the Company to enter into a contract on its behalf with each Director and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company.

### Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 100 Hong Kong Offer Shares. Instructions for more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

## HOW TO APPLY FOR HONG KONG OFFER SHARES

### Time for Inputting Electronic Application Instructions<sup>(1)</sup>

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Tuesday, October 8, 2019 – 9:00 a.m. to 8:30 p.m.
- Wednesday, October 9, 2019 – 8:00 a.m. to 8:30 p.m.
- Thursday, October 10, 2019 – 8:00 a.m. to 8:30 p.m.
- Friday, October 11, 2019 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, October 8, 2019 until 12:00 noon on Friday, October 11, 2019 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, October 11, 2019, the last application day or such later time as described in “—10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

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*Note:*

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

### No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding up and Miscellaneous Provisions) Ordinance).

### Personal Data

The section of the Application Form headed “— 6. Applying by Giving **Electronic Application Instructions** to HKSCC Via CCASS — Personal Data” applies to any personal data held by the Company, the H Share Registrar, the receiving bank, the Joint Sponsors, the Joint Global Coordinators, the Joint Representatives, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## HOW TO APPLY FOR HONG KONG OFFER SHARES

### 7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** service to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Joint Sponsors, the Joint Global Coordinators, the Joint Representatives and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, October 11, 2019.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

## HOW TO APPLY FOR HONG KONG OFFER SHARES

### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for H Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for H Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 100 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering — The Hong Kong Public Offering — Allocation.”

### 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, October 11, 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, October 11, 2019 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable,” an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, October 17, 2019 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company’s website at [www.justbon.com.cn](http://www.justbon.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at [www.justbon.com.cn](http://www.justbon.com.cn) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than Thursday, October 17, 2019;

## HOW TO APPLY FOR HONG KONG OFFER SHARES

- from the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) or [www.hkeipo.hk/iporesult](http://www.hkeipo.hk/iporesult) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, October 17, 2019 to 12:00 midnight on Wednesday, October 23, 2019;
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, October 17, 2019 to Tuesday, October 22, 2019 (excluding Saturday, Sunday and Public Holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, October 17, 2019 to Monday, October 21, 2019 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in “Structure of the Global Offering.”

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

#### (i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.



## HOW TO APPLY FOR HONG KONG OFFER SHARES

**(ii) If the Company or its agents exercise their discretion to reject your application:**

The Company, the Joint Representatives, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Representatives believe that by accepting your application, it/they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

### **13. REFUND OF APPLICATION MONIES**

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$39.00 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, October 17, 2019.

## HOW TO APPLY FOR HONG KONG OFFER SHARES

### 14. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- H Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, H Share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of H Share certificates and refund monies as mentioned below, any refund cheques and H Share certificates are expected to be posted on or before Thursday, October 17, 2019. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

H Share certificates will only become valid at 8:00 a.m. on Friday, October 18, 2019 provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting” has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so at their own risk.

#### **Personal Collection**

##### ***(i) If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or H Share certificate(s) from the H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell, Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, October 17, 2019 or such other date as notified by us in the newspapers.

## HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund cheque(s) and/or H Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or H Share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, October 17, 2019, by ordinary post and at your own risk.

### ***(ii) If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, June 5, 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, October 17, 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Public Offering Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "— 11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, October 17, 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

### ***(iii) If you apply through the HK eIPO White Form Service***

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your H Share certificate(s) from the H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, October 17, 2019, or such other date as notified by the Company in the newspapers as the date of despatch/collection of H Share certificates/e-Refund payment instructions/refund cheques.

## HOW TO APPLY FOR HONG KONG OFFER SHARES

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, October 17, 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

### **(iv) If you apply via *Electronic Application Instructions to HKSCC***

#### *Allocation of Hong Kong Offer Shares*

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

#### *Deposit of H Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, October 17, 2019, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above on Thursday, October 17, 2019. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, October 17, 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, October 17, 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number

## HOW TO APPLY FOR HONG KONG OFFER SHARES

of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, October 17, 2019.

### 15. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

*The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*



羅兵咸永道

**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SICHUAN LANGUANG JUSTBON SERVICES GROUP CO., LTD., HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND ABCI CAPITAL LIMITED**

**Introduction**

We report on the historical financial information of Sichuan Languang Justbon Services Group Co., Ltd. (the "Company", formerly known as "Sichuan Justbon Property Management Group Co., Ltd.") and its subsidiaries (together, the "Group") set out on pages I-4 to I-70, which comprises the consolidated balance sheets as at December 31, 2016, 2017 and 2018 and June 30, 2019, the Company's balance sheets as at December 31, 2016, 2017 and 2018 and June 30, 2019, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-70 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated October 8, 2019 (the "Prospectus") in connection with the initial listing of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountant's responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.



Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2016, 2017 and 2018 and June 30, 2019 and the consolidated financial position of the Group as at December 31, 2016, 2017 and 2018 and June 30, 2019 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

### **Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

***Dividends***

We refer to Note 28 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong

October 8, 2019

## I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

## Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

## Consolidated statements of comprehensive income

	Note	Year ended December 31,			Six months ended June 30,	
		2016	2017	2018	2018	2019
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue . . . . .	6	658,222	923,298	1,464,458	587,700	933,263
Cost of sales . . . . .	6, 8	(445,100)	(587,437)	(977,688)	(398,113)	(617,026)
Gross profit . . . . .		213,122	335,861	486,770	189,587	316,237
Selling and marketing expenses . .	8	(7,459)	(4,514)	(3,760)	(2,305)	(2,104)
Administrative expenses . . . . .	8	(86,585)	(127,631)	(128,083)	(79,531)	(85,717)
Net impairment losses on financial assets . . . . .	3.1.1	(4,006)	(8,752)	(16,563)	(10,130)	(8,608)
Other income . . . . .	7	3,978	2,791	5,348	2,035	3,929
Other gains/(losses)-net . . . . .	10	2,055	22,777	10,494	9,623	(666)
<b>Operating profit . . . . .</b>		<b>121,105</b>	<b>220,532</b>	<b>354,206</b>	<b>109,279</b>	<b>223,071</b>
Finance costs . . . . .		(354)	(335)	(339)	(167)	(158)
<b>Profit before income tax . . . . .</b>		<b>120,751</b>	<b>220,197</b>	<b>353,867</b>	<b>109,112</b>	<b>222,913</b>
Income tax expenses . . . . .	12	(19,380)	(34,842)	(56,977)	(19,300)	(36,117)
<b>Profit and total comprehensive income for the year/period . . .</b>		<b>101,371</b>	<b>185,355</b>	<b>296,890</b>	<b>89,812</b>	<b>186,796</b>
<b>Profit and total comprehensive income attributable to:</b>						
— Owners of the Company . . . .		100,898	184,354	289,347	87,796	179,878
— Non-controlling interests . . .		473	1,001	7,543	2,016	6,918
		<u>101,371</u>	<u>185,355</u>	<u>296,890</u>	<u>89,812</u>	<u>186,796</u>
<b>Earnings per share</b> (expressed in RMB per share)						
— Basic and diluted earnings per share . . . . .	13	0.83	1.46	2.30	0.70	1.40

## Consolidated balance sheets

		As at December 31,			As at June 30,
	Note	2016	2017	2018	2019
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment . .	14	14,037	15,787	18,548	16,633
Investment properties . . . . .	15	30,462	30,757	32,687	32,680
Goodwill . . . . .	16	68,697	125,050	183,968	183,968
Other intangible assets . . . . .	16	36,019	76,877	114,845	114,010
Deferred income tax assets . . . .	26	2,654	4,873	10,565	13,561
		<u>151,869</u>	<u>253,344</u>	<u>360,613</u>	<u>360,852</u>
<b>Current assets</b>					
Inventories . . . . .		2,366	4,919	5,985	7,217
Trade and other receivables . . . .	19	144,453	375,853	596,480	714,554
Financial assets at fair value through profit or loss . . . . .	20	201,321	234,152	—	—
Cash and cash equivalents . . . . .	21	199,524	189,881	307,136	189,009
		<u>547,664</u>	<u>804,805</u>	<u>909,601</u>	<u>910,780</u>
<b>Total assets</b> . . . . .		<u>699,533</u>	<u>1,058,149</u>	<u>1,270,214</u>	<u>1,271,632</u>
<b>Equity</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital . . . . .	22	88,044	88,044	128,748	128,748
Other reserves . . . . .	24	82,433	94,987	125,074	153,015
Retained earnings . . . . .	24	89,111	242,422	182,877	130,943
		<u>259,588</u>	<u>425,453</u>	<u>436,699</u>	<u>412,706</u>
<b>Non-controlling interests</b> . . . . .		<u>354</u>	<u>8,850</u>	<u>29,964</u>	<u>29,423</u>
<b>Total equity</b> . . . . .		<u>259,942</u>	<u>434,303</u>	<u>466,663</u>	<u>442,129</u>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred income tax liabilities . . .	26	7,206	16,457	22,462	21,154
Lease liabilities . . . . .	27	6,415	5,338	4,278	3,674
		<u>13,621</u>	<u>21,795</u>	<u>26,740</u>	<u>24,828</u>
<b>Current liabilities</b>					
Contract liabilities . . . . .	6	137,110	164,128	230,527	278,391
Trade and other payables . . . . .	25	266,172	399,047	481,055	477,563
Lease liabilities . . . . .	27	682	1,510	2,271	2,322
Financial liabilities at fair value through profit or loss . . . . .	31(a)	4,483	—	—	—
Current income tax liabilities . . . .		17,523	37,366	62,958	46,399
		<u>425,970</u>	<u>602,051</u>	<u>776,811</u>	<u>804,675</u>
<b>Total liabilities</b> . . . . .		<u>439,591</u>	<u>623,846</u>	<u>803,551</u>	<u>829,503</u>
<b>Total equity and liabilities</b> . . . .		<u>699,533</u>	<u>1,058,149</u>	<u>1,270,214</u>	<u>1,271,632</u>

## Balance sheets of the Company

		As at December 31,			As at June 30,
	Note	2016	2017	2018	2019
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment . .		13,246	13,558	13,624	12,021
Investment properties . . . . .	15	30,462	30,757	32,687	32,680
Other intangible assets . . . . .		8,734	14,871	22,555	28,205
Deferred income tax assets . . . .		2,300	3,286	4,679	6,837
Investments in subsidiaries . . . .	11	106,183	187,970	271,373	273,584
		<u>160,925</u>	<u>250,442</u>	<u>344,918</u>	<u>353,327</u>
<b>Current assets</b>					
Inventories . . . . .		1,420	4,508	4,603	6,061
Trade and other receivables . . . .	19	121,920	284,049	386,413	440,634
Financial assets at fair value through profit or loss . . . . .	20	201,321	234,152	—	—
Cash and cash equivalents . . . . .		<u>173,315</u>	<u>122,512</u>	<u>189,200</u>	<u>120,422</u>
		<u>497,976</u>	<u>645,221</u>	<u>580,216</u>	<u>567,117</u>
<b>Total assets</b> . . . . .		<u>658,901</u>	<u>895,663</u>	<u>925,134</u>	<u>920,444</u>
<b>Equity</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital . . . . .	22	88,044	88,044	128,748	128,748
Other reserves . . . . .	24	53,957	66,511	93,960	121,901
Retained earnings . . . . .	24	<u>100,200</u>	<u>194,674</u>	<u>151,294</u>	<u>87,506</u>
<b>Total equity</b> . . . . .		<u>242,201</u>	<u>349,229</u>	<u>374,002</u>	<u>338,155</u>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred income tax liabilities . . .		3,119	3,347	3,771	3,768
Lease liabilities . . . . .	27	<u>6,415</u>	<u>5,135</u>	<u>3,503</u>	<u>2,659</u>
		<u>9,534</u>	<u>8,482</u>	<u>7,274</u>	<u>6,427</u>
<b>Current liabilities</b>					
Contract liabilities . . . . .		107,894	119,035	135,672	161,622
Trade and other payables . . . . .	25	280,094	395,422	367,675	387,288
Lease liabilities . . . . .	27	682	1,340	1,895	1,804
Financial liabilities at fair value through profit or loss . . . . .	31(a)	4,483	—	—	—
Current income tax liabilities . . . .		<u>14,013</u>	<u>22,155</u>	<u>38,616</u>	<u>25,148</u>
		<u>407,166</u>	<u>537,952</u>	<u>543,858</u>	<u>575,862</u>
<b>Total liabilities</b> . . . . .		<u>416,700</u>	<u>546,434</u>	<u>551,132</u>	<u>582,289</u>
<b>Total equity and liabilities</b> . . . .		<u>658,901</u>	<u>895,663</u>	<u>925,134</u>	<u>920,444</u>

## Consolidated statements of changes in equity

	Note	Attributable to owners of the Company				Non-	Total
		Share	Other	Retained	Total	controlling	equity
		capital	reserves	earnings		interests	
		RMB'000 (Note 22)	RMB'000 (Note 24)	RMB'000 (Note 24)	RMB'000	RMB'000	RMB'000
<b>Balance at January 1, 2016</b>		21,161	102,181	1,030	124,372	(119)	124,253
<b>Comprehensive income</b>							
Profit for the year		—	—	100,898	100,898	473	101,371
<b>Transactions with owners of the Company</b>							
Transfer from other reserves to share capital	22(a)	63,483	(63,483)	—	—	—	—
Issue of shares for listing on National Equities Exchange and Quotations ("NEEQ")	22(b)	3,400	35,700	—	39,100	—	39,100
Dividend declared to shareholders of the Company	28	—	—	(4,782)	(4,782)	—	(4,782)
Appropriation of statutory reserves	24(a)	—	8,035	(8,035)	—	—	—
<b>Balance at December 31, 2016</b>		88,044	82,433	89,111	259,588	354	259,942
<b>Balance at January 1, 2017</b>		88,044	82,433	89,111	259,588	354	259,942
<b>Comprehensive income</b>							
Profit for the year		—	—	184,354	184,354	1,001	185,355
<b>Transactions with owners of the Company</b>							
Acquisition of subsidiaries	31(b)	—	—	—	—	7,495	7,495
Dividend declared to shareholders of the Company	28	—	—	(18,489)	(18,489)	—	(18,489)
Appropriation of statutory reserves	24(a)	—	12,554	(12,554)	—	—	—
<b>Balance at December 31, 2017</b>		88,044	94,987	242,422	425,453	8,850	434,303



## Consolidated statements of changes in equity (Continued)

	Note	Attributable to owners of the Company				Non-	Total
		Share	Other	Retained	Total	controlling	equity
		capital	reserves	earnings		interests	
		RMB'000 (Note 22)	RMB'000 (Note 24)	RMB'000 (Note 24)	RMB'000	RMB'000	RMB'000
<b>Balance at January 1, 2018</b>		88,044	94,987	242,422	425,453	8,850	434,303
<b>Comprehensive income</b>							
Profit for the year		—	—	289,347	289,347	7,543	296,890
<b>Transactions with owners of the Company</b>							
Transfer from other reserves to share capital	22(c)	35,218	(35,218)	—	—	—	—
Capital injection in connection with Share Incentive Plan	22(d)	5,486	29,407	—	34,893	—	34,893
Changes in ownership interests in subsidiaries without change of control	32	—	2,638	—	2,638	1,887	4,525
Acquisition of subsidiaries	31(c)	—	—	—	—	13,814	13,814
Dividend declared to shareholders of the Company	28	—	—	(319,345)	(319,345)	—	(319,345)
Dividend declared to non-controlling interests		—	—	—	—	(2,130)	(2,130)
Employee share-based payment scheme — value of employee service	23	—	3,713	—	3,713	—	3,713
Appropriation of statutory reserves	24(a)	—	29,547	(29,547)	—	—	—
<b>Balance at December 31, 2018</b>		128,748	125,074	182,877	436,699	29,964	466,663
<b>Balance at January 1, 2019</b>		128,748	125,074	182,877	436,699	29,964	466,663
<b>Comprehensive income</b>							
Profit for the period		—	—	179,878	179,878	6,918	186,796
<b>Transactions with owners of the Company</b>							
Contribution from non-controlling shareholders of subsidiaries		—	—	—	—	1,055	1,055
Dividend declared to shareholders of the Company	28	—	—	(215,010)	(215,010)	—	(215,010)
Dividend declared to non-controlling interests		—	—	—	—	(8,514)	(8,514)
Employee share-based payment scheme — value of employee service	23	—	11,139	—	11,139	—	11,139
Appropriation of statutory reserves	24(a)	—	16,802	(16,802)	—	—	—
<b>Balance at June 30, 2019</b>		128,748	153,015	130,943	412,706	29,423	442,129

## Consolidated statements of changes in equity (Continued)

	Note	Attributable to owners of the Company				Non-	Total
		Share	Other	Retained	Total	controlling	equity
		capital	reserves	earnings		interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 22)	(Note 24)	(Note 24)			
<b>(Unaudited)</b>							
<b>Balance at January 1, 2018 . . .</b>		88,044	94,987	242,422	425,453	8,850	434,303
<b>Comprehensive income</b>							
Profit for the period . . . . .		—	—	87,796	87,796	2,016	89,812
<b>Transactions with owners of the Company</b>							
Transfer from other reserve to share capital . . . . .	22(c)	35,218	(35,218)	—	—	—	—
Acquisition of subsidiaries . . . . .	31(c)	—	—	—	—	13,814	13,814
Dividend declared to shareholders of the Company . . . . .	28	—	—	(36,098)	(36,098)	—	(36,098)
Appropriation of statutory reserves . . . . .	24(a)	—	6,118	(6,118)	—	—	—
<b>Balance at June 30, 2018 . . . . .</b>		<u>123,262</u>	<u>65,887</u>	<u>288,002</u>	<u>477,151</u>	<u>24,680</u>	<u>501,831</u>

## Consolidated statements of cash flows

		Year ended December 31,			Six months ended June 30,	
	Note	2016	2017	2018	2018	2019
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
<b>Cash flows from operating activities</b>						
Cash generated from operations . . . .	29	216,035	131,008	286,190	72,595	185,492
Income tax paid . . . . .		(10,925)	(24,435)	(38,565)	(37,337)	(56,980)
<b>Net cash generated from operating activities</b> . . . . .		<u>205,110</u>	<u>106,573</u>	<u>247,625</u>	<u>35,258</u>	<u>128,512</u>
<b>Cash flows from investing activities</b>						
Purchases of property, plant and equipment . . . . .	14	(3,645)	(4,375)	(6,659)	(3,419)	(810)
Purchase of other intangible assets . .	16	(8,461)	(7,554)	(9,621)	(3,658)	(7,035)
Proceeds from disposal of property, plant and equipment . . . . .		1,270	597	161	72	61
Acquisition of financial assets at fair value through profit or loss . . . . .	18(a)	(200,000)	(230,000)	(250,000)	(50,000)	—
Proceeds from disposal of financial assets at fair value through profit or loss and investment income . . . . .	18(a)	—	212,362	492,646	80,691	—
Proceeds from disposal of financial liabilities at fair value through profit or loss and investment income . . .	18(a)	—	5,000	—	—	—
Acquisition of subsidiaries (net of cash and cash equivalent acquired) . . . . .	31	(57,735)	(72,509)	(55,061)	(28,714)	—
Settlements of consideration payables for the acquisitions of subsidiaries completed in prior years . . . . .		—	—	—	—	(7,380)
<b>Net cash (used in)/generated from investing activities</b> . . . . .		<u>(268,571)</u>	<u>(96,479)</u>	<u>171,466</u>	<u>(5,028)</u>	<u>(15,164)</u>
<b>Cash flows from financing activities</b>						
Issue of shares for listing on NEEQ . .	22(b)	39,100	—	—	—	—
Capital contribution from owners . . .	22(d)	—	—	34,893	—	—
Capital contribution from non-controlling shareholders of subsidiaries . . . . .		—	—	—	—	1,055
Repayments of borrowings . . . . .		—	—	(9,000)	—	—
Interest paid . . . . .		—	—	(24)	—	—
Listing expenses paid . . . . .		—	—	(10,729)	—	(16,246)
Dividends paid to shareholders . . . .	28	(4,782)	(18,489)	(319,298)	(36,098)	(214,966)
Transactions with non-controlling interests . . . . .	32	—	—	4,525	—	—
Principal elements and interest elements of lease payments . . . . .		(868)	(1,248)	(2,203)	(1,022)	(1,318)
<b>Net cash generated from/(used in) financing activities</b> . . . . .		<u>33,450</u>	<u>(19,737)</u>	<u>(301,836)</u>	<u>(37,120)</u>	<u>(231,475)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b> . . . . .		<u>(30,011)</u>	<u>(9,643)</u>	<u>117,255</u>	<u>(6,890)</u>	<u>(118,127)</u>
Cash and cash equivalents at beginning of year/period . . . . .		<u>229,535</u>	<u>199,524</u>	<u>189,881</u>	<u>189,881</u>	<u>307,136</u>
<b>Cash and cash equivalents at end of year/period</b> . . . . .		<u>199,524</u>	<u>189,881</u>	<u>307,136</u>	<u>182,991</u>	<u>189,009</u>

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 General information

Sichuan Languang Justbon Services Group Co., Ltd. ("the Company", formerly known as "Sichuan Justbon Property Management Group Co., Ltd.") was established in the People's Republic of China (the "PRC") as a limited liability company on December 7, 2000. The address of the Company's registered office is No. 22, South 3rd section, Yihuan Road, Wuhou District, Chengdu, Sichuan, PRC.

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

The Company's parent company is Sichuan Languang Hejun Industrial Co., Ltd. ("Languang Hejun"), an investment company established in the PRC. The Company's intermediate holding company is Sichuan Languang Development Co., Ltd. ("Languang Development"), and its shares are listed on the Shanghai Stock Exchange Co., Ltd. The ultimate holding company is Languang Investment Holdings Group Co., Ltd. ("Languang Investment"), a limited liability investment holding company incorporated in Sichuan Province.

On June 22, 2015, the Company received capital contribution amounting to RMB5,653,000 in cash from Chengdu Jiayu Enterprise Management Center LLP ("Jiayu LLP"). RMB1,161,100 was recorded as paid-in capital. Languang Hejun made an additional capital contribution to the Company with an amount of RMB45,000,000. Upon completion of the capital injection, Languang Hejun and Jiayu LLP held 94.513% and 5.487% of equity interest of the Company, respectively.

On August 17, 2015, the Company converted from a limited liability company into a joint stock company with limited liability. By reference to the Company's net asset value as at June 30, 2015, the Company issued 21,161,000 shares at a par value of RMB1 each to the shareholders.

On December 17, 2015, the Company's shares were listed on NEEQ. In September 2016, the Company issued 3,400,000 ordinary shares for consideration of RMB39,100,000 to certain financial institutions through NEEQ.

On June 6, 2018, Languang Development announced that an unanimous decision had been reached by its Board of Shareholders dated June 4, 2018 to delist the Company from NEEQ in considerations of the Company's business development and long-term strategic planning. On July 26, 2018, the Company's shares were delisted from NEEQ.

This Historical Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

### 2 Summary of significant accounting policies

The principal accounting policies applied in preparation of the Historical Financial Information are set out as below. These policies have been consistently applied to all the years or periods presented, unless otherwise stated.

#### 2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets and liabilities at fair value through profit or loss.

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

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning on January 1, 2019, are retrospectively and consistently applied to the Group for the Track Record Period.

##### 2.1.1 Changes in accounting policy and disclosures

- (i) Up to the date of issuance of this report, the HKICPA has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group during the Track Record Period:

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendment)	Definition of Material	January 1, 2020
HKFRS 3 (Amendment)	Definition of a business	January 1, 2020
HKFRS 17	Insurance Contracts	January 1, 2021
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Company were of the view that the above new and revised standards and amendments and interpretations to existing standards have been issued and are not expected to have any significant impact on the Group.

## **2.2 Subsidiaries**

### **2.2.1 Consolidation**

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

#### **(a) Business combinations not under common control**

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Contingent consideration is classified either as a financial asset or a financial liability. Amounts classified as a financial asset or liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

#### **(b) Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### **2.2.2 Separate financial statements**

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

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

## **2.3 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.

## **2.4 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 the Group's 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 recognized within "other gains/(losses)-net" in the consolidated statements of comprehensive income.

## 2.5 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 recognized 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 the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the financial 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	5 — 8 years
— Office equipment	5 years
— Machinery	10 — 15 years
— Leasehold improvements	3 — 10 years
— Right-of-use assets	2 — 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.

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

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

## 2.6 Investment properties

Investment properties, principally retail units and car parks, are held to earn rentals and for capital appreciation.

Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are measured at their fair values. Changes in the fair value of investment properties are presented in profit or loss.

## 2.7 Intangible assets

### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

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

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

### (b) Trademarks

Separately acquired trademarks are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 10 years.

### (c) Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of 100 to 102 months for the customer relationship.



## (d) Computer software

Acquired computer software programmes are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (2 to 10 years).

Research and development costs that are directly attributable to the design and testing of identifiable and unique software products, for example, applications, controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the research and development and to use the software product are available; and
- The expenditure attributable to the software product during its research and development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

**2.8 Impairment of non-financial assets**

Goodwill that has an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.9 Financial assets****2.9.1 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 amortized cost.

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

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

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

**2.9.2 Recognition and 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.

*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:

- **Amortized 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 amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the consolidated statement of comprehensive income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through other comprehensive income: 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 fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other gains/(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/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in "other gains(losses)-net" in the period in which it arises.

### 2.9.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 2.10 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized 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 recognized 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, related parties and non-controlling interests 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.

### 2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is measured by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.12 Trade receivables

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

Trade receivables are 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 amortized cost using the effective interest method. See Note 19 for further information about the Group's accounting for trade receivables and Note 3.1.1 for a description of the Group's impairment policies.

### 2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions.

### 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.

**2.15 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

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

**2.16 Borrowings**

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

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

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

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

**2.17 Borrowing costs**

All borrowing costs are recognized in the consolidated statements of comprehensive income in the period in which they are incurred.

**2.18 Current and deferred income tax**

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

**(a) Current income tax**

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

**(b) Deferred income tax****Inside basis differences**

Deferred income tax is recognized, 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 recognized if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

**Outside basis differences**

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

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

## (c) Offsetting

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

**2.19 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 organized 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 recognizes 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 recognizes 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) Employee leave entitlements

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

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

**2.20 Share-based payments**

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

*Share incentive scheme*

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

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

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

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

No-marketing performance and services conditions are included in the calculation of the number of the equity instrument expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

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

## **2.21 Provisions**

Provisions for legal claims, service warranties and make good obligations are recognized 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 recognized 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 recognized 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 recognized as interest expense.

## **2.22 Revenue recognition**

The Group provides property management services, consultancy services, community value-added services and sales of goods. Revenue from providing services is recognized in the accounting period in which the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs.

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

For property management services income from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of property management services fee received or receivable. For property management service income from properties managed under commission basis, where the Group acts as an agent of the property owner, the Group entitles revenue at a pre-determined percentage or amount of the property management fee received or receivable by the properties.

Consultancy services mainly includes consultancy services to property developers or other property management companies and cleaning, greening, repair and maintenance services to property developers at the pre-delivery stage. 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.

For community value-added services includes resident services, residential property agency, commercial property management and operation and advertisement, revenue is recognized when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

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 recognized when the Group delivers the goods to the customers.

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.

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

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

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

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

**2.23 Interest income**

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

**2.24 Leases**

The Group leases certain properties. Rental contracts are typically made for fixed periods of 1 to 6 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
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

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

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

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

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

**2.25 Dividend distribution**

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

**2.26 Government grants**

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

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

**3 Financial risk management****3.1 Financial risk factors**

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

**3.1.1 Credit risk**

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

The Group expects that there is no significant credit risk associated with cash deposits at banks 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.



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

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

- 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 individual property owner or the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

(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 365 days past due	Lifetime expected losses

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

(ii) Trade and other receivables (excluding prepayments)

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivable. The Group uses the expected credit loss model in Note(i) to determine the expected loss provision for other receivables (excluding prepayments). As at December 31, 2016, 2017 and 2018 and June 30, 2019, the Group has assessed that there is no significant increase of credit risk for other receivables since initial recognition. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables.

As at December 31, 2016, 2017 and 2018 and June 30, 2019, the Group has assessed that the expected loss rate for trade receivables from related parties was immaterial considering the good finance position and credit history of the related parties. Thus no loss allowance provision for trade receivables from related parties was recognized during the Track Record Period.



# APPENDIX I

# ACCOUNTANT'S REPORT

As at December 31, 2016, 2017 and 2018 and June 30, 2019, the loss allowance provision for the trade receivables and other receivables due from third parties was determined as follows. The expected credit losses below also incorporated forward looking information.

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
<b>Trade receivables (excluding trade receivables from related parties)</b>						
At December 31, 2016						
Expected loss rate . . . . .	5%	10%	20%	40%	100%	
Gross carrying amount (RMB'000) . . . . .	63,179	12,574	5,646	2,664	2,177	86,240
Loss allowance provision (RMB'000) . . . . .	3,159	1,257	1,129	1,066	2,177	8,788
At December 31, 2017						
Expected loss rate . . . . .	5%	10%	20%	40%	100%	
Gross carrying amount (RMB'000) . . . . .	154,757	18,830	6,870	5,070	3,474	189,001
Loss allowance provision (RMB'000) . . . . .	7,737	1,883	1,374	2,028	3,474	16,496
At December 31, 2018						
Expected loss rate . . . . .	5%	10%	20%	40%	100%	
Gross carrying amount (RMB'000) . . . . .	280,763	61,885	13,324	5,073	6,164	367,209
Loss allowance provision (RMB'000) . . . . .	14,038	6,189	2,665	2,029	6,164	31,085
At June 30, 2019						
Expected loss rate . . . . .	5%	10%	20%	40%	100%	
Gross carrying amount (RMB'000) . . . . .	455,723	56,680	16,352	4,873	4,393	538,021
Loss allowance provision (RMB'000) . . . . .	22,786	5,668	3,270	1,949	4,393	38,066
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
<b>Other receivables (excluding prepayments)</b>						
At December 31, 2016						
Expected loss rate . . . . .	5%	10%	20%	40%	100%	
Gross carrying amount (RMB'000) . . . . .	12,314	966	213	6	5,554	19,053
Loss allowance provision (RMB'000) . . . . .	616	97	43	2	5,554	6,312
At December 31, 2017						
Expected loss rate . . . . .	5%	10%	20%	40%	100%	
Gross carrying amount (RMB'000) . . . . .	23,002	2,820	771	475	5,580	32,648
Loss allowance provision (RMB'000) . . . . .	1,150	282	154	190	5,580	7,356
At December 31, 2018						
Expected loss rate . . . . .	5%	10%	20%	40%	100%	
Gross carrying amount (RMB'000) . . . . .	37,374	3,327	1,137	1,548	6,282	49,668
Loss allowance provision (RMB'000) . . . . .	1,869	333	227	619	6,282	9,330
At June 30, 2019						
Expected loss rate . . . . .	5%	10%	20%	40%	100%	
Gross carrying amount (RMB'000) . . . . .	56,810	6,672	2,450	1,607	6,316	73,855
Loss allowance provision (RMB'000) . . . . .	2,841	667	490	643	6,316	10,957

The Group assessed the loss allowance of trade and other receivables (excluding prepayments) based on an assessment of the expected credit losses to be incurred, including an assessment of the historical collection rate and forward looking adjustments when applicable.

The expected credit loss rate of trade and other receivables (excluding prepayments) due from third parties remained stable throughout the Track Record Period due to the following reasons:

- trade receivables due from third parties as at December 31, 2016, 2017 and 2018 and June 30, 2019, were mainly property management fee receivables due from individual property owners, which are mainly owners of properties developed by Languang Investment and its subsidiaries (the "Languang Properties"). The historical loss rate of trade receivables due from owners of Languang Properties remained stable throughout the Track Record Period;
- management consistently applied the same policies and procedures on collection of the newly acquired properties developed by third parties, resulting in improvement to the collection rate and loss rate of trade receivables converged to the Group's rates;
- other receivables mainly represented deposit receivables and advances to employees, of which the credit risk remained stable throughout the Track Record Period;
- management's expectation of future economic environment and risk of default stay stable in the Track Record Period.

The Directors are of the view that the industrial characteristics factors with regard to trade and other receivables collections have been taken into accounts in the assessment on the expected credit loss rate throughout the Track Record Period.

As at December 31, 2016, 2017 and 2018 and June 30, 2019, the loss allowance provision for trade and other receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	<b>Trade receivables (excluding trade receivables from related parties)</b>	<b>Other receivables (excluding prepayments and other receivables from related parties)</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At January 1, 2016 . . . . .	5,031	6,063	11,094
Provision for loss allowance recognized in profit or loss . . . . .	3,766	320	4,086
Unused amounts reversed . . . . .	(9)	(71)	(80)
At December 31, 2016 . . . . .	<u>8,788</u>	<u>6,312</u>	<u>15,100</u>
At January 1, 2017 . . . . .	8,788	6,312	15,100
Provision for loss allowance recognized in profit or loss . . . . .	8,592	1,193	9,785
Unused amounts reversed . . . . .	(884)	(149)	(1,033)
At December 31, 2017 . . . . .	<u>16,496</u>	<u>7,356</u>	<u>23,852</u>
At January 1, 2018 . . . . .	16,496	7,356	23,852
Provision for loss allowance recognized in profit or loss . . . . .	14,732	2,143	16,875
Unused amounts reversed . . . . .	(143)	(169)	(312)
At December 31, 2018 . . . . .	<u>31,085</u>	<u>9,330</u>	<u>40,415</u>
At January 1, 2019 . . . . .	31,085	9,330	40,415
Provision for loss allowance recognized in profit or loss . . . . .	9,260	1,841	11,101
Unused amounts reversed . . . . .	(2,279)	(214)	(2,493)
At June 30, 2019 . . . . .	<u>38,066</u>	<u>10,957</u>	<u>49,023</u>

As at December 31, 2016, 2017 and 2018 and June 30, 2019, the gross carrying amount of trade and other receivables (excluding prepayments) was RMB157,751,000, RMB397,598,000, RMB604,622,000 and RMB709,134,000 and thus the maximum exposure to loss was RMB142,651,000, RMB373,746,000, RMB564,207,000 and RMB660,111,000.

## 3.1.2 Liquidity risk

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2016				
<b>Financial liabilities</b>				
Trade and other payables (excluding accrued payroll liabilities and other tax payable) . . . . .	194,199	—	—	194,199
Financial liabilities at fair value through profit or loss . . . . .	4,483	—	—	4,483
Lease liabilities (including interest payments) . . . . .	1,008	1,563	5,542	8,113
	199,690	1,563	5,542	206,795
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2017				
<b>Financial liabilities</b>				
Trade and other payables (excluding accrued payroll liabilities and other tax payable) . . . . .	303,072	—	—	303,072
Lease liabilities (including interest payments) . . . . .	1,808	2,003	3,755	7,566
	304,880	2,003	3,755	310,638
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2018				
<b>Financial liabilities</b>				
Trade and other payables (excluding accrued payroll liabilities and other tax payable) . . . . .	358,290	—	—	358,290
Lease liabilities (including interest payments) . . . . .	2,539	2,106	2,424	7,069
	360,829	2,106	2,424	365,359
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at June 30, 2019				
<b>Financial liabilities</b>				
Trade and other payables (excluding accrued payroll liabilities and other tax payable) . . . . .	380,474	—	—	380,474
Lease liabilities (including interest payments) . . . . .	2,561	2,320	1,485	6,366
	383,035	2,320	1,485	386,840

### 3.2 Capital management

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

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

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

As at December 31, 2016, 2017 and 2018 and June 30, 2019 asset-liability ratio of the Group is as follows:

	As at December 31,			As at June 30,
	2016	2017	2018	2019
Asset-liability ratio . . . . .	63%	59%	63%	65%

The asset-liability ratio was stable during the Track Record Period.

### 4 Critical accounting estimates and judgements

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

#### (a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7, where the recoverable amounts of the CGU is determined based on value-in-use (the "VIU") calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in Note 16.

#### (b) Estimation of the useful life of customer relationship identified in business combinations

During the Track Record Period, the Company completed its acquisitions of six companies. Customer relationship of acquirees identified in the business combinations as at each acquisition date respectively (Note 31). The customer relationship is recognized as intangible assets (Note 16).

Customer relationship primarily related to the existing customers of acquirees on the acquisition date. A large portion of the existing service contracts of the acquirees are with specific expiration date, of which the contract periods of one to five years, and the remaining contracts are with no specific expiration date. Based on past experience and general situation in property management industry, termination or non-renewal of property management contracts with property owners' association may happen. The Group thus estimates the useful life and determines the amortization period of the customer relationship to be 100 to 102 months.

However, the actual useful life may be shorter or longer than estimate depending on acquirees' ability to secure its contracts and relationships with property developers or renew the contracts with property owners' associations in the future. Where the actual contract duration is different from the original estimate, such difference will impact the carrying amount of these intangible assets and the amortization expenses in the periods in which such estimate has been changed.

#### (c) Allowance on doubtful receivables

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

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.1 above.

#### (d) 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 utilized. The outcome of their actual utilisation may be different.

## (e) Fair value of financial assets at fair value through profit or loss

Fair value of financial assets, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in Note 18.

## (f) Share-based payment

As mentioned in Note 23, the Group has granted incentive shares to its employees. The directors have adopted the Discounted Cash Flow (the "DCF") Method to determine the total fair value of the equity instrument granted, which is to be expensed over the respective vesting periods. Significant judgement of parameters, such as weighted average cost of capital, discount for lack of marketability and discount for lack of control, is required to be made by the directors in applying the DCF Method.

The fair value of equity instrument granted to employees during the year ended December 31, 2018 was determined to be approximately RMB34,275,000 using DCF Method.

**5 Segment information**

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

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

The Group acquired six entities during the Track Record Period (Note 31). The newly acquired subsidiaries were principally engaged in the provision of property management services and related value-added services. Since then, management reviews the operating results of the business of the six new acquired subsidiaries together with the original business to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are several operating segments, which are used to make strategic decisions.

During the Track Record Period, 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 operating segment.

As at December 31, 2016, 2017 and 2018 and June 30, 2019, all of the assets were located in the PRC.

**6 Revenue and cost of sales**

Revenue mainly comprises of proceeds from property management services, consultancy services and related value-added services. An analysis of the Group's revenue and cost of sales by category for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019 is as follows:

		Year ended December 31,						Six months ended June 30,			
		2016		2017		2018		2018		2019	
		Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
								(Unaudited)	(Unaudited)		
Revenue from customer and recognized											
Property management services . . . . .	over time	381,815	280,036	579,015	403,383	899,818	647,986	398,476	282,348	548,833	394,225
Consultancy services . . . . .	over time	149,340	81,124	162,355	85,191	231,447	111,242	64,219	36,283	190,996	96,886
Community value-added services . . . . .		127,067	83,940	181,928	98,863	333,193	218,460	125,005	79,482	193,434	125,915
— Sales of goods . . . . .	at a point in time	—	—	—	—	27,980	26,046	5,630	4,345	20,010	18,133
— Other value-added services . . . . .	over time	127,067	83,940	181,928	98,863	305,213	192,414	119,375	75,137	173,424	107,782
		658,222	445,100	923,298	587,437	1,464,458	977,688	587,700	398,113	933,263	617,026

For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, Languang Investment and its subsidiaries (the "Languang Fellow Subsidiaries") contributed 33%, 29%, 22%, 20% and 22% of the Group's revenue, respectively. Other than the Languang Fellow Subsidiaries, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the Track Record Period.

## (a) Contract liabilities

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

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities				
— Related parties (Note 33(d)) . . . . .	26,898	22,093	—	18,075
— Third parties . . . . .	110,212	142,035	230,527	260,316
	<u>137,110</u>	<u>164,128</u>	<u>230,527</u>	<u>278,391</u>

## (i) Significant changes in contract liabilities

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

## (ii) Revenue recognized in relation to contract liabilities

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

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
<b>Revenue recognized that was included in the balance of contract liabilities at the beginning of the year/period</b>					
Property management services . . . . .	45,594	83,246	113,132	74,386	183,591
Consultancy services . . . . .	713	26,898	22,093	20,847	—
Community value-added services . . . . .	33,421	26,966	28,903	16,532	40,021
	<u>79,728</u>	<u>137,110</u>	<u>164,128</u>	<u>111,765</u>	<u>223,612</u>

## (iii) Unsatisfied performance obligations

For property management services and consultancy services, the Group recognizes 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 consultancy services is generally set to expire when the counterparties notify the Group that the services are no longer required.

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

## (iv) Assets recognized from incremental costs to obtain a contract

During the Track Record Period, there was no significant incremental costs to obtain a contract.

## 7 Other income

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Government grants (Note(a)) . . . . .	2,828	2,053	3,089	344	3,011
Interest income from bank deposits . . . . .	420	662	1,004	471	875
Others . . . . .	730	76	1,255	1,220	43
	<u>3,978</u>	<u>2,791</u>	<u>5,348</u>	<u>2,035</u>	<u>3,929</u>

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

## 8 Expenses by nature

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Employee benefit expenses					
(Note 9) . . . . .	346,045	471,203	704,746	313,705	388,923
Greening and cleaning expenses . .	64,293	92,197	135,032	61,142	93,972
Turnover taxes and other levies . .	15,519	6,561	10,164	3,579	5,121
Maintenance costs . . . . .	29,571	36,437	60,244	25,081	38,697
Utilities . . . . .	19,074	30,467	39,018	15,119	43,683
Operating lease payments					
(Note 27) . . . . .	16,639	22,525	21,932	9,892	15,042
Advertising expenses . . . . .	7,305	4,139	3,286	2,279	2,061
Cost of security and fire protection .	5,179	7,209	29,081	11,474	50,561
Travelling and entertainment					
expenses . . . . .	6,735	10,591	17,210	8,044	9,818
Cost of goods sold (Note (a)) . . . .	—	—	26,046	4,345	18,133
Office expenses . . . . .	7,964	9,802	21,946	7,773	13,853
Depreciation and amortization					
charges . . . . .	4,643	10,130	18,167	7,715	11,141
Community activities					
expenses . . . . .	2,445	2,483	2,540	1,711	1,792
Bank charges . . . . .	2,994	2,964	4,672	2,013	2,822
Consultancy fee . . . . .	2,331	3,927	3,938	1,519	2,034
Recruiting costs . . . . .	2,010	2,658	1,445	1,024	810
Listing expenses . . . . .	—	—	820	—	2,160
Auditors' remuneration					
— Audit services . . . . .	197	570	485	425	339
— Non-audit services . . . . .	—	—	1,485	381	458
Others . . . . .	6,200	5,719	7,274	2,728	3,427
	<u>539,144</u>	<u>719,582</u>	<u>1,109,531</u>	<u>479,949</u>	<u>704,847</u>

(a) The cost of goods sold represents the cost of the commodities sold to owners and residents of the properties under the Group's management.

## 9 Employee benefit expenses

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses . .	258,652	350,745	532,755	236,753	285,351
Social insurance expenses					
(Note (a)) . . . . .	40,141	56,165	79,388	35,622	45,531
Housing benefits . . . . .	8,922	12,264	16,159	8,436	10,309
Share-based payment (Note 23) .	—	—	3,713	—	11,139
Other employee benefits (Note					
(b)) . . . . .	38,330	52,029	72,731	32,894	36,593
	<u>346,045</u>	<u>471,203</u>	<u>704,746</u>	<u>313,705</u>	<u>388,923</u>

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

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



## (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2, 3 and 4 directors and supervisors for the years ended December 31, 2016, 2017 and 2018 and 3 and 3 directors and supervisors for the six months ended June 30, 2018 and 2019, whose emoluments are reflected in the analysis shown in Note 34. The emoluments payable to the remaining 3, 2, 1, 2 and 2 individuals during the Track Record Period are as follows:

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses . . . . .	1,829	1,480	1,029	897	824
Pension costs, housing funds, medical insurance and other social insurances . . . . .	211	125	61	70	73
Share-based payment (Note 23) . . . . .	—	—	324	—	1,954
	<u>2,040</u>	<u>1,605</u>	<u>1,414</u>	<u>967</u>	<u>2,851</u>

The emoluments fell within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
				(Unaudited)	
Emolument bands (in HK dollar)					
Nil — HK\$1,000,000 . . . . .	3	1	—	2	—
HK\$1,000,001 — HK\$1,500,000 . . . . .	—	1	—	—	—
HK\$1,500,001 — HK\$2,000,000 . . . . .	—	—	1	—	2
	<u>3</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>2</u>

## 10 Other gains/(losses) — net

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fair value gains/(losses) on investment properties . . . . .	739	295	1,930	2,083	(7)
Fair value gains on financial liabilities at fair value through profit or loss — net . . . . .	—	9,483	—	—	—
Fair value gains on financial assets at fair value through profit or loss — net . . . . .	1,321	12,980	6,443	6,421	—
(Losses)/gains on disposal of property, plant and equipment . . . . .	(5)	19	(37)	(16)	—
Written-off of payables . . . . .	—	—	2,158	1,135	—
Others . . . . .	—	—	—	—	(659)
	<u>2,055</u>	<u>22,777</u>	<u>10,494</u>	<u>9,623</u>	<u>(666)</u>

## 11 Subsidiaries

The following is a list of the principal subsidiaries at December 31, 2016, 2017 and 2018 and June 30, 2019:

Company name	Place and date of incorporation/ establishment	Registered capital	Attributable equity interest of the Group as at December 31, 2016	Attributable equity interest of the Group as at December 31, 2017	Attributable equity interest of the Group as at December 31, 2018	Attributable equity interest of the Group as at June 30, 2019	Principal activities and place of operation	Name of statutory auditors and periods covered
Directly owned:								
Kunming Justbon Property Services Co., Ltd.* 昆明嘉寶物業服務有限公司	The PRC, November 28, 2012	RMB5,000,000	95%	95%	95%	95%	Property management services in Kunming	Shinewing Certified Public Accountants LLP 信永中和會計師事務所(特殊普通合夥)  Each of the three years ended December 31, 2018
Chongqing Justbon Management Consultation Co., Ltd.* 重慶嘉寶管理顧問有限公司	The PRC, July 14, 2008	RMB20,000,000	97%	97%	97%	97%	Property management services in Chongqing	Shinewing Certified Public Accountants LLP 信永中和會計師事務所(特殊普通合夥)  Each of the three years ended December 31, 2018
Beijing Languang Justbon Property Management Co., Ltd.* 北京藍光嘉寶物業管理有限公司	The PRC, April 22, 2010	RMB1,000,000	90%	90%	90%	90%	Property management services in Beijing	Shinewing Certified Public Accountants LLP 信永中和會計師事務所(特殊普通合夥)  Each of the three years ended December 31, 2018
Chengdu Jiamei Market Management Co., Ltd.* 成都嘉美市場經營管理有限公司	The PRC, November 25, 2009	RMB50,000	90%	90%	90%	90%	Market management services in Chengdu	Note (i)
Chengdu Jieshunbao Information Technology Co., Ltd.* 成都捷順寶信息科技有限公司	The PRC, December 18, 2014	RMB20,000,000	100%	100%	100%	100%	Information technology research in Chengdu	Note (i)

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# ACCOUNTANT'S REPORT

Company name	Place and date of incorporation/ establishment	Registered capital	Attributable equity interest of the Group as at December 31, 2016	Attributable equity interest of the Group as at December 31, 2017	Attributable equity interest of the Group as at December 31, 2018	Attributable equity interest of the Group as at June 30, 2019	Principal activities and place of operation	Name of statutory auditors and periods covered
Sichuan Guojia Property Services Co., Ltd. ("Guojia Property")* 四川省國嘉物業服務有限公司	The PRC, April 2, 2001	RMB5,000,000	100%	100%	100%	100%	Property management services in Chengdu	Shinewing Certified Public Accountants LLP 信永中和會計師事務所(特殊普通合夥)  Each of the three years ended December 31, 2018 (Note (ii))
Hangzhou Lvyu Property Management Co., Ltd. ("Hangzhou lvyu")* 杭州綠宇物業管理有限公司	The PRC, September 16, 2008	RMB10,080,000	N/A	76%	73.56%	73.56%	Property management services in Hangzhou	Shinewing Certified Public Accountants LLP 信永中和會計師事務所(特殊普通合夥)  The year ended December 31, 2018 (Note (iii))
Shanghai Zhenxian Property Management Co., Ltd. ("Shanghai Zhenxian")* 上海真賢物業管理有限公司	The PRC, October 30, 2012	RMB5,000,000	N/A	80%	71.35%	71.35%	Property management services in Shanghai	Shinewing Certified Public Accountants LLP 信永中和會計師事務所(特殊普通合夥)  The year ended December 31, 2018 (Note (iv))
Chengdu Dongjing Property Management Co., Ltd. ("Chengdu Dongjing")* 成都市東景物業管理有限公司	The PRC, October 15, 2003	RMB5,500,000	N/A	N/A	65%	65%	Property management services in Chengdu	Note (v)
Luzhou Tianli Property Co., Ltd. ("Luzhou Tianli")* 瀘州天立物業有限公司	The PRC, April 4, 2007	RMB3,000,000	N/A	N/A	70%	70%	Property management services in Luzhou	Note (vi)
Leshan Justbon Property Services Co., Ltd. ("Leshan Justbonn")* 樂山嘉寶物業服務有限公司	The PRC, October 31, 2018	RMB5,000,000	N/A	N/A	100%	100%	Property Management Services In Leshan	Note (viii)

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Company name	Place and date of incorporation/ establishment	Registered capital	Attributable equity interest of the Group as at December 31, 2016	Attributable equity interest of the Group as at December 31, 2017	Attributable equity interest of the Group as at December 31, 2018	Attributable equity interest of the Group as at June 30, 2019	Principal activities and place of operation	Name of statutory auditors and periods covered
Sichuan Justbon Yuyi Property Management Co., Ltd. ("Sichuan Justbon Yuyi")* 四川嘉寶宇億物業管理有限公司	The PRC, November 21, 2018	RMB2,000,000	N/A	N/A	70%	70%	Property Management Services In Bazhong	Shinewing Certified Public Accountants LLP 信永中和會計師事務所(特殊普通合夥)  The year ended December 31, 2018
Sichuan Justbon Hongshan Property Management Co., Ltd. ("Sichuan Justbon Hongshan")* 四川嘉寶鴻山物業管理有限公司	The PRC, October 22, 2018	RMB500,000	N/A	N/A	70%	70%	Property Management Services In Zigong	Shinewing Certified Public Accountants LLP 信永中和會計師事務所(特殊普通合夥)  The year ended December 31, 2018
Luzhou Justbon Property Services Co., Ltd. ("Luzhou Justbon")* 瀘州嘉寶物業服務有限公司	The PRC, October 26, 2018	RMB5,000,000	N/A	N/A	100%	100%	Property Management Services In Luzhou	Note (viii)
Meishan Justbon Property Services Co., Ltd. ("Meishan Justbon")* 眉山嘉寶物業服務有限公司	The PRC, November 12, 2018	RMB500,000	N/A	N/A	100%	100%	Property Management Services In Meishan	Note (viii)
Luzhou Justbon Xinyang Property Management Co., Ltd. ("Luzhou Justbon Xinyang")* 瀘州嘉寶鑫洋物業管理有限公司	The PRC, November 07, 2018	RMB500,000	N/A	N/A	70%	70%	Property Management Services In Luzhou	Note (viii)
Chengdu Quancheng Property Services Co., Ltd. ("Chengdu Quancheng")* 成都全程物業服務有限公司	The PRC, October 12, 2010	RMB500,000	N/A	N/A	100%	100%	Property Management Services In Chengdu	Note (vii)
Sichuan Justbon Tianfu Property Services Co., Ltd.* 四川嘉寶天府物業服務有限公司	The PRC, January 14, 2019	RMB2,000,000	N/A	N/A	N/A	67%	Property management services in Chengdu	N/A
Languang Justbon (Shanghai) Property Services Co., Ltd.* 藍光嘉寶(上海)物業管理有限公司	The PRC, April 26, 2019	RMB10,000,000	N/A	N/A	N/A	100%	Property management services in Shanghai	N/A

- \* The English name of the subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.
- (i) No statutory audited financial statements has been issued for the years ended December 31, 2016, 2017 and 2018.
- (ii) On September 13, 2016, the Company completed its acquisition of 100% of the equity interests in Guojia Property (Note 31).
- (iii) October 19, 2017, the Company completed its acquisition of 76% of the equity interests in Hangzhou Lvyu (Note 31).
- No statutory audited financial statements has been issued for the year ended December 31, 2017.
- (iv) On October 24, 2017, the Company completed its acquisition of 80% of the equity interests in Shanghai Zhenxian (Note 31).
- No statutory audited financial statements has been issued for the year ended December 31, 2017.
- (v) On June 19, 2018, the Company completed its acquisition of 65% of the equity interests in Chengdu Dongjing (Note 31).
- No statutory audited financial statements has been issued for the year ended December 31, 2018.
- (vi) On June 25, 2018, the Company completed its acquisition of 70% of the equity interests in Luzhou Tianli (Note 31).
- No statutory audited financial statements has been issued for the year ended December 31, 2018.
- (vii) On December 29, 2018, the Company completed its acquisition of 100% of the equity interests in Chengdu Quancheng (Note 31).
- No statutory audited financial statements has been issued for the year ended December 31, 2018.
- (viii) No statutory audited financial statements has been issued for the year ended December 31, 2018.

## 12 Income tax expenses

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current income tax					
— PRC corporate income tax . . . . .	19,686	37,643	64,157	21,141	40,421
Deferred income tax (Note 26)					
— PRC corporate income tax . . . . .	(306)	(2,801)	(7,180)	(1,841)	(4,304)
	<u>19,380</u>	<u>34,842</u>	<u>56,977</u>	<u>19,300</u>	<u>36,117</u>

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

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax . . . . .	120,751	220,197	353,867	109,112	222,913
Tax charge at effective rate applicable to profits in the respective Group entities . . . . .	18,701	34,697	58,401	18,801	35,786
Tax effects of:					
— Expenses not deductible for tax purposes . . . . .	209	270	533	381	377
— Tax losses and deductible temporary differences for which no deferred income tax asset was recognized . . . . .	449	—	—	118	—
— The impact of change in tax rate applicable to a subsidiary . . . . .	21	—	—	—	—
— Utilization of previously unrecognized tax losses . . . . .	—	(125)	(1,957)	—	(46)
PRC corporate income tax . . . . .	19,380	34,842	56,977	19,300	36,117

The effective income tax rate was 16%, 16%, 16%, 18% and 16% for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019 respectively.

#### PRC corporate income tax

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year/period, 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 in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% in certain years.

#### 13 Earnings per share

For the purpose of computing basic and diluted earnings per share, ordinary shares were assumed to have issued and allocated on January 1, 2015 as if the Company has been converted from a limited liability company into a joint stock company by then. In addition, the number of ordinary shares outstanding during each period of the Track Record Period have also been adjusted retroactively for the proportional changes in the number of ordinary shares outstanding as a result of the conversions from other reserve to share capital as described in Note 22(a) and Note 22(c) in the computation of both basic and diluted earnings per share for the Track Record Period.

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares during the Track Record Period.

The Company did not have any potential ordinary shares outstanding during the Track Record Period. Diluted earnings per share is equal to basic earnings per share.

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
				(Unaudited)	
Profit attributable to owners of the Company (RMB'000) . . . . .	100,898	184,354	289,347	87,796	179,878
Weighted average number of ordinary shares (in thousands) . . . . .	122,204	125,979	126,055	125,979	128,748
Basic and diluted earnings per share for profit attributable to the owners of the Company during the year/period (expressed in RMB per share) . . . . .	0.83	1.46	2.30	0.70	1.40

## 14 Property, plant and equipment

## The Group

	Vehicles	Office equipment	Machinery	Leasehold improvements	Construction in progress	Right-of- use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at January 1, 2016</b>							
Cost . . . . .	3,966	6,637	2,207	5,646	—	7,611	26,067
Accumulated depreciation . . . . .	(1,508)	(3,372)	(1,405)	(5,156)	—	—	(11,441)
<b>Net book amount . . . . .</b>	<b>2,458</b>	<b>3,265</b>	<b>802</b>	<b>490</b>	<b>—</b>	<b>7,611</b>	<b>14,626</b>
<b>Year ended December 31, 2016</b>							
Opening net book amount . . . . .	2,458	3,265	802	490	—	7,611	14,626
Additions . . . . .	174	1,723	79	1,669	—	—	3,645
Acquisition of a subsidiary (Note 31(a)) . . . . .	73	60	109	—	—	—	242
Disposals . . . . .	(989)	(32)	(210)	(44)	—	—	(1,275)
Depreciation charge . . . . .	(603)	(1,059)	(170)	(101)	—	(1,268)	(3,201)
<b>Closing net book amount . . . . .</b>	<b>1,113</b>	<b>3,957</b>	<b>610</b>	<b>2,014</b>	<b>—</b>	<b>6,343</b>	<b>14,037</b>
<b>As at December 31, 2016</b>							
Cost . . . . .	2,722	8,265	2,153	7,271	—	7,611	28,022
Accumulated depreciation . . . . .	(1,609)	(4,308)	(1,543)	(5,257)	—	(1,268)	(13,985)
<b>Net book amount . . . . .</b>	<b>1,113</b>	<b>3,957</b>	<b>610</b>	<b>2,014</b>	<b>—</b>	<b>6,343</b>	<b>14,037</b>
<b>Year ended December 31, 2017</b>							
Opening net book amount . . . . .	1,113	3,957	610	2,014	—	6,343	14,037
Additions . . . . .	352	1,274	127	2,204	418	664	5,039
Acquisition of subsidiaries (Note 31(b)) . . . . .	274	—	541	577	—	—	1,392
Disposals . . . . .	(54)	(1)	(81)	(442)	—	—	(578)
Depreciation charge . . . . .	(528)	(1,370)	(205)	(635)	—	(1,365)	(4,103)
<b>Closing net book amount . . . . .</b>	<b>1,157</b>	<b>3,860</b>	<b>992</b>	<b>3,718</b>	<b>418</b>	<b>5,642</b>	<b>15,787</b>
<b>As at December 31, 2017</b>							
Cost . . . . .	2,986	8,928	2,537	9,610	418	8,275	32,754
Accumulated depreciation . . . . .	(1,829)	(5,068)	(1,545)	(5,892)	—	(2,633)	(16,967)
<b>Net book amount . . . . .</b>	<b>1,157</b>	<b>3,860</b>	<b>992</b>	<b>3,718</b>	<b>418</b>	<b>5,642</b>	<b>15,787</b>
<b>Year ended December 31, 2018</b>							
Opening net book amount . . . . .	1,157	3,860	992	3,718	418	5,642	15,787
Additions . . . . .	909	824	276	—	4,650	1,565	8,224
Acquisition of subsidiaries (Note 31(c)) . . . . .	108	246	44	—	—	—	398
Transfer to leasehold improvements . . . . .	—	—	—	5,068	(5,068)	—	—
Disposals . . . . .	(117)	(65)	(17)	—	—	—	(199)
Depreciation charge . . . . .	(736)	(1,248)	(442)	(1,384)	—	(1,852)	(5,662)
<b>Closing net book amount . . . . .</b>	<b>1,321</b>	<b>3,617</b>	<b>853</b>	<b>7,402</b>	<b>—</b>	<b>5,355</b>	<b>18,548</b>
<b>As at December 31, 2018</b>							
Cost . . . . .	3,500	9,786	2,774	14,678	—	9,840	40,578
Accumulated depreciation . . . . .	(2,179)	(6,169)	(1,921)	(7,276)	—	(4,485)	(22,030)
<b>Net book amount . . . . .</b>	<b>1,321</b>	<b>3,617</b>	<b>853</b>	<b>7,402</b>	<b>—</b>	<b>5,355</b>	<b>18,548</b>



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	Vehicles	Office equipment	Machinery	Leasehold improvements	Construction in progress	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six months ended June 30, 2019</b>							
Opening net book amount . . . . .	1,321	3,617	853	7,402	—	5,355	18,548
Additions . . . . .	385	208	26	191	—	607	1,417
Disposals . . . . .	(18)	(39)	(4)	—	—	—	(61)
Depreciation charge . . . . .	(303)	(599)	(194)	(1,101)	—	(1,074)	(3,271)
<b>Closing net book amount . . . . .</b>	<b>1,385</b>	<b>3,187</b>	<b>681</b>	<b>6,492</b>	<b>—</b>	<b>4,888</b>	<b>16,633</b>
<b>As at June 30, 2019</b>							
Cost . . . . .	3,873	9,323	2,631	14,869	—	10,447	41,143
Accumulated depreciation . . . . .	(2,488)	(6,136)	(1,950)	(8,377)	—	(5,559)	(24,510)
<b>Net book amount . . . . .</b>	<b>1,385</b>	<b>3,187</b>	<b>681</b>	<b>6,492</b>	<b>—</b>	<b>4,888</b>	<b>16,633</b>
<b>Six months ended June 30, 2018 (unaudited)</b>							
Opening net book amount . . . . .	1,157	3,860	992	3,718	418	5,642	15,787
Additions . . . . .	651	305	67	2,396	—	581	4,000
Acquisition of subsidiaries (Note 31(c)) . . . . .	108	217	43	—	—	—	368
Transfer to leasehold improvements . . . . .	—	—	—	418	(418)	—	—
Disposals . . . . .	(43)	(17)	(28)	—	—	—	(88)
Depreciation charge . . . . .	(447)	(670)	(170)	(513)	—	(853)	(2,653)
<b>Closing net book amount . . . . .</b>	<b>1,426</b>	<b>3,695</b>	<b>904</b>	<b>6,019</b>	<b>—</b>	<b>5,370</b>	<b>17,414</b>
<b>As at June 30, 2018</b>							
Cost . . . . .	3,386	9,335	2,598	12,424	—	5,642	33,385
Accumulated depreciation . . . . .	(1,960)	(5,640)	(1,694)	(6,405)	—	(272)	(15,971)
<b>Net book amount . . . . .</b>	<b>1,426</b>	<b>3,695</b>	<b>904</b>	<b>6,019</b>	<b>—</b>	<b>5,370</b>	<b>17,414</b>

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

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of sales . . . . .	1,256	1,518	3,343	1,106	1,453
Selling and marketing expenses . . . . .	—	147	—	—	—
Administrative expenses . . . . .	1,945	2,438	2,319	1,547	1,818
	<u>3,201</u>	<u>4,103</u>	<u>5,662</u>	<u>2,653</u>	<u>3,271</u>

- (a) No property, plant and equipment is restricted or pledged as security for liabilities as at December 31, 2016, 2017 and 2018 and June 30, 2019 .

## 15 Investment properties

## The Group and the Company

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Opening net book amount . . . . .	29,723	30,462	30,757	30,757	32,687
Revaluation gains/(losses) recognized in other gains/(losses) . . . . .	739	295	1,930	2,083	(7)
Closing net book amount . . . . .	30,462	30,757	32,687	32,840	32,680

## (a) Fair value hierarchy

As at December 31, 2016, 2017 and 2018 and June 30, 2019, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the Track Record Period.

## (b) Valuation techniques

The fair values of the Group's completed investment properties at December 31, 2016, 2017 and 2018 and June 30, 2019 have been arrived at on the basis of valuations carried out on those dates by Sichuan Tianjianhuaheng Assets Appraisal Co., Ltd, an independent qualified professional valuer not connected with the Group which has appropriate qualification and relevant experiences in valuation of similar properties in the relevant locations. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Fair values of retail units were generally derived using the income capitalisation method, which was based on converting further rental income to a discounted amount.

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

Description	Fair value as at December 31,			Fair value as at June 30,	Valuation Techniques	Significant Unobservable inputs	Range of unobservable inputs			
	as at December 31,			as at June 30,			as at December 31,		as at June 30,	
	2016	2017	2018	2019			2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000						
Completed investment properties										
— Retail unit . . . . .	680	684	679	672	Income capitalisation	Discount rate	6.01%- 6.95%	6.88%- 7.12%	6.23%- 7.00%	6.23%- 7.00%
						Market rental rate (RMB/sqm/ month)	38-65	38-67	38-66	35-69
— Car Park . . . . .	29,782	30,073	32,008	32,008	Direct comparison	Market unit sales price (RMB/unit)	130,000- 135,000	130,000- 140,000	132,000- 141,000	132,000- 141,000
Total . . . . .	30,462	30,757	32,687	32,680						

For retail unit, increase in discount rates may result in decrease of fair value. Increase in market rent may result in increase of fair value.

For car park, increase in market price may result in increase in fair value.

There are no changes to the valuation technique during the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019.

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

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Rental income . . . . .	217	249	159	117	87
Direct operating expenses . . . . .	(108)	(154)	(104)	(74)	(53)
	<u>109</u>	<u>95</u>	<u>55</u>	<u>43</u>	<u>34</u>

No investment property is restricted or pledged as security for liabilities as at December 31, 2016, 2017 and 2018 and June 30, 2019.

## 16 Intangible assets

	Computer software	Trademarks	Customer relationship	Total other intangible assets	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at January 1, 2016</b>						
Cost . . . . .	1,959	54	—	2,013	—	2,013
Accumulated amortization . . . . .	(1,437)	(4)	—	(1,441)	—	(1,441)
<b>Net book amount . . . . .</b>	<u>522</u>	<u>50</u>	<u>—</u>	<u>572</u>	<u>—</u>	<u>572</u>
<b>Year ended December 31, 2016</b>						
Opening net book amount . . . . .	522	50	—	572	—	572
Additions . . . . .	8,461	—	—	8,461	—	8,461
Acquisition of a subsidiary (Note 31(a)) . . . . .	41	—	28,387	28,428	68,697	97,125
Amortization . . . . .	(301)	(1)	(1,140)	(1,442)	—	(1,442)
<b>Closing net book amount . . . . .</b>	<u>8,723</u>	<u>49</u>	<u>27,247</u>	<u>36,019</u>	<u>68,697</u>	<u>104,716</u>
<b>As at December 31, 2016</b>						
Cost . . . . .	10,461	54	28,387	38,902	68,697	107,599
Accumulated amortization . . . . .	(1,738)	(5)	(1,140)	(2,883)	—	(2,883)
<b>Net book amount . . . . .</b>	<u>8,723</u>	<u>49</u>	<u>27,247</u>	<u>36,019</u>	<u>68,697</u>	<u>104,716</u>
<b>Year ended December 31, 2017</b>						
Opening net book amount . . . . .	8,723	49	27,247	36,019	68,697	104,716
Additions . . . . .	7,554	—	—	7,554	—	7,554
Acquisition of subsidiaries (Note 31(b)) . . . . .	—	—	39,331	39,331	56,353	95,684
Amortization . . . . .	(1,420)	(2)	(4,605)	(6,027)	—	(6,027)
<b>Closing net book amount . . . . .</b>	<u>14,857</u>	<u>47</u>	<u>61,973</u>	<u>76,877</u>	<u>125,050</u>	<u>201,927</u>
<b>As at December 31, 2017</b>						
Cost . . . . .	18,015	54	67,718	85,787	125,050	210,837
Accumulated amortization . . . . .	(3,158)	(7)	(5,745)	(8,910)	—	(8,910)
<b>Net book amount . . . . .</b>	<u>14,857</u>	<u>47</u>	<u>61,973</u>	<u>76,877</u>	<u>125,050</u>	<u>201,927</u>
<b>Year ended December 31, 2018</b>						
Opening net book amount . . . . .	14,857	47	61,973	76,877	125,050	201,927
Additions . . . . .	9,621	—	—	9,621	—	9,621
Acquisition of subsidiaries (Note 31(c)) . . . . .	—	—	40,852	40,852	58,918	99,770
Amortization . . . . .	(1,942)	(1)	(10,562)	(12,505)	—	(12,505)
<b>Closing net book amount . . . . .</b>	<u>22,536</u>	<u>46</u>	<u>92,263</u>	<u>114,845</u>	<u>183,968</u>	<u>298,813</u>
<b>As at December 31, 2018</b>						
Cost . . . . .	27,636	54	108,570	136,260	183,968	320,228
Accumulated amortization . . . . .	(5,100)	(8)	(16,307)	(21,415)	—	(21,415)
<b>Net book amount . . . . .</b>	<u>22,536</u>	<u>46</u>	<u>92,263</u>	<u>114,845</u>	<u>183,968</u>	<u>298,813</u>

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	Computer software	Trademarks	Customer relationship	Total other intangible assets	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six months ended June 30, 2019</b>						
Opening net book amount . . .	22,536	46	92,263	114,845	183,968	298,813
Additions . . . . .	7,035	—	—	7,035	—	7,035
Amortization . . . . .	(1,386)	(1)	(6,483)	(7,870)	—	(7,870)
<b>Closing net book amount . . .</b>	<b>28,185</b>	<b>45</b>	<b>85,780</b>	<b>114,010</b>	<b>183,968</b>	<b>297,978</b>
<b>As at June 30, 2019</b>						
Cost . . . . .	34,671	54	108,570	143,295	183,968	327,263
Accumulated amortization . . .	(6,486)	(9)	(22,790)	(29,285)	—	(29,285)
<b>Net book amount . . . . .</b>	<b>28,185</b>	<b>45</b>	<b>85,780</b>	<b>114,010</b>	<b>183,968</b>	<b>297,978</b>
<b>Six months ended June 30, 2018 (unaudited)</b>						
Opening net book amount . . .	14,857	47	61,973	76,877	125,050	201,927
Additions . . . . .	3,658	—	—	3,658	—	3,658
Acquisition of subsidiaries (Note 31(c)) . . . . .	—	—	40,852	40,852	57,143	97,995
Amortization . . . . .	(581)	(1)	(4,480)	(5,062)	—	(5,062)
<b>Closing net book amount . . .</b>	<b>17,934</b>	<b>46</b>	<b>98,345</b>	<b>116,325</b>	<b>182,193</b>	<b>298,518</b>
<b>As at June 30, 2018</b>						
Cost . . . . .	21,673	54	108,570	130,297	182,193	312,490
Accumulated amortization . . .	(3,739)	(8)	(10,225)	(13,972)	—	(13,972)
<b>Net book amount . . . . .</b>	<b>17,934</b>	<b>46</b>	<b>98,345</b>	<b>116,325</b>	<b>182,193</b>	<b>298,518</b>

Amortization of intangible assets has been charged to the following categories in the consolidated statements of comprehensive income:

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of sales . . . . .	1,140	4,605	10,562	4,480	6,483
Administrative expenses . . . . .	302	1,422	1,943	582	1,387
	<u>1,442</u>	<u>6,027</u>	<u>12,505</u>	<u>5,062</u>	<u>7,870</u>

(a) No intangible asset is restricted or pledged as security for liabilities as at December 31, 2016, 2017 and 2018 and June 30, 2019.

(b) Goodwill arose from acquisition of subsidiaries:

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Guojia Property (Note 31(a)) . . . . .	68,697	68,697	68,697	68,697
Hangzhou Lvyu (Note 31(b)) . . . . .	—	41,026	41,026	41,026
Shanghai Zhenxian (Note 31(b)) . . . . .	—	15,327	15,327	15,327
Chengdu Dongjing (Note 31(c)) . . . . .	—	—	33,797	33,797
Luzhou Tianli (Note 31(c)) . . . . .	—	—	23,346	23,346
Chengdu Quancheng (Note 31(c)) . . . . .	—	—	1,775	1,775
	<u>68,697</u>	<u>125,050</u>	<u>183,968</u>	<u>183,968</u>

An independent valuation was performed by an independent valuer to determine the amount of the customer relationship. Methods and key assumptions in determining the fair value of customer relationship are disclosed as follows:

	<u>Valuation technique</u>	<u>Discount rate</u>	<u>Expected life of the intangible assets</u>
Customer relationship	Discounted cash flow	17.2%-17.7%	100-102 months

On September 13, 2016, October 19, 2017, October 24, 2017, June 19, 2018, June 25, 2018 and December 29, 2018, the Company completed its acquisitions of 100%, 76%, 80%, 65%, 70% and 100% of the equity interests in Guojia Property, Hangzhou Lvyu, Shanghai Zhenxian, Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng at a consideration of RMB98,483,000, RMB58,308,000, RMB23,479,000, RMB51,075,000, RMB33,874,000 and RMB2,300,000 respectively (Note 31).

As at December 31, 2016, 2017 and 2018 and June 30, 2019, management performed an impairment assessment on the goodwill. The recoverable amounts of the property management business operated by Guojia Property, Hangzhou Lvyu, Shanghai Zhenxian, Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng have been assessed by an independent valuer and determined based on value-in-use calculation. The calculation used cash flow projections based on financial budgets covering a five-year period approved by management.

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at December 31, 2016:

	<u>Guojia Property</u>
Revenue 2017 (% annual growth rate) . . . . .	27%
Revenue 2018 (% annual growth rate) . . . . .	6%
Revenue – 2019 to 2021 (% annual growth rate) . . . . .	3%-5%
Gross margin (% of revenue) . . . . .	28%
Long-term growth rate . . . . .	3%
Pre-tax discount rate . . . . .	19%

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at December 31, 2017:

	<u>Guojia Property</u>	<u>Shanghai Zhenxian</u>	<u>Hangzhou Lvyu</u>
Revenue 2018 (% annual growth rate) . . . . .	6%	16%	12%
Revenue 2019 (% annual growth rate) . . . . .	6%	13%	6%
Revenue 2020 to 2022 (% annual growth rate) . . . . .	5%-6%	3%	5%-6%
Gross margin (% of revenue) . . . . .	43%	24%	28%
Long-term growth rate . . . . .	3%	3%	3%
Pre-tax discount rate . . . . .	18%	22%	22%

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at December 31, 2018:

	<u>Guojia Property</u>	<u>Shanghai Zhenxian</u>	<u>Hangzhou Lvyu</u>	<u>Chengdu Dongjing</u>	<u>Luzhou Tianli</u>	<u>Chengdu Quancheng</u>
Revenue 2019 (% annual growth rate) . . . . .	6%	14%	8%	12%	15%	16%
Revenue 2020 (% annual growth rate) . . . . .	5%	5%	6%	10%	12%	2%
Revenue 2021 to 2023 (% annual growth rate) . . . . .	3%-4%	3%-5%	3%-6%	4%-10%	4%-9%	2%
Gross margin (% of revenue) . . . . .	46%	24%	21%	27%	23%	28%
Long-term growth rate . . . . .	3%	3%	3%	3%	3%	0%
Pre-tax discount rate . . . . .	18%	21%	21%	19%	19%	8%

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The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at 30 June, 2019:

	Guojia Property	Shanghai Zhenxian	Hangzhou Lvyu	Chengdu Dongjing	Luzhou Tianli	Chengdu Quancheng
Revenue 2020 (% annual growth rate) . . . . .	6%	13%	8%	10%	10%	3%
Revenue 2021 (% annual growth rate) . . . . .	4%	8%	8%	8%	9%	3%
Revenue – 2022 to 2024 (% annual growth rate) . . . . .	3%-4%	3%	5%-7%	3%-7%	3%-8%	3%
Gross margin (% of revenue) . . . . .	44%	22%	22%	30%	27%	29%
Long-term growth rate . . . . .	3%	3%	3%	3%	3%	3%
Pre-tax discount rate . . . . .	18%	21%	21%	19%	19%	18%

As at December 31, 2016, 2017 and 2018 and June 30, 2019, the recoverable amounts of RMB134 million, RMB327 million and RMB649 million, RMB728 million of the property management business calculated based on VIU calculation exceeded their carrying value of RMB97 million, RMB215 million, RMB358 million and RMB412 million by RMB37 million, RMB112 million, RMB291 million and RMB316 million respectively.

Details of the headroom attributable to the property management business of the acquired entities as at December 31, 2016, 2017 and 2018 and June 30, 2019 are set out as follows:

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Guojia Property . . . . .	37,633	88,723	179,528	185,217
Shanghai Zhenxian . . . . .	—	10,369	32,346	17,600
Hangzhou Lvyu . . . . .	—	12,470	14,399	15,813
Chengdu Dongjing . . . . .	—	—	51,648	72,082
Luzhou Tianli . . . . .	—	—	12,126	18,172
Chengdu Quancheng . . . . .	—	—	814	6,523
	37,633	111,562	290,861	315,407

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom respectively as at December 31, 2016, 2017 and 2018 and June 30, 2019:

	Guojia Property	Shanghai Zhenxian	Hangzhou Lvyu	Chengdu Dongjing	Luzhou Tianli	Chengdu Quancheng
<b>As at December 31, 2016</b>						
Annual revenue growth rate . . . . .	-7%	NA	NA	NA	NA	NA
Discount rate . . . . .	+5%	NA	NA	NA	NA	NA
<b>As at December 31, 2017</b>						
Annual revenue growth rate . . . . .	-13%	-4%	-7%	NA	NA	NA
Discount rate . . . . .	+12%	+4%	+1%	NA	NA	NA
<b>As at December 31, 2018</b>						
Annual revenue growth rate . . . . .	-21%	-12%	-3%	-9%	-5%	-9%
Discount rate . . . . .	+29%	+15%	+2%	+9%	+3%	+9%
<b>As at June 30, 2019</b>						
Annual revenue growth rate . . . . .	-22%	-6%	-3%	-10%	-5%	-24%
Discount rate . . . . .	+27%	+6%	+2%	+11%	+5%	+69%

The directors of the Company considered there is no reasonably possible change in key parameters would cause the carrying amount of each CGU to exceed its recoverable amount.

By reference to the recoverable amount assessed by the independent valuer as at December 31, 2018 and June 30, 2019, the directors of the Company determined that no impairment provision on goodwill and other intangible assets was required as at December 31, 2016, 2017, and 2018, and June 30, 2019.

## 17 Financial instruments by category

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial asset at amortized cost</b>				
Trade and other receivables (excluding prepayments) (Note 19) . . . . .	142,651	373,746	564,207	660,111
Cash and cash equivalents (Note 21) . . . . .	199,524	189,881	307,136	189,009
	<u>342,175</u>	<u>563,627</u>	<u>871,343</u>	<u>849,120</u>
<b>Financial assets at fair value through profit or loss</b> (Note 20) . . . . .	201,321	234,152	—	—
	<u>543,496</u>	<u>797,779</u>	<u>871,343</u>	<u>849,120</u>
<b>Financial liabilities at amortized costs</b>				
Trade and other payables (excluding accrued payroll and other taxes payables) (Note 25) . . . . .	194,199	303,072	358,290	380,474
Lease liabilities (Note 27) . . . . .	7,097	6,848	6,549	5,996
	<u>201,296</u>	<u>309,920</u>	<u>364,839</u>	<u>386,470</u>
<b>Financial liabilities at fair value through profit or loss</b> . . . . .	4,483	—	—	—
	<u>205,779</u>	<u>309,920</u>	<u>364,839</u>	<u>386,470</u>

## 18 Fair value estimation

## (a) Financial assets and liabilities

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

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

The different levels have been defined as follows:

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

The Group's financial assets at fair values included wealth management products, trust products, structural deposits and contingent consideration, fair value of which are estimated based on unobservable inputs (level 3).

(i) The following table presents the changes in level 3 instruments for the year ended December 31, 2018.

	Financial assets at fair value through profit or loss			
	Financial products	Structural deposits	Contingent consideration (Note 31)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance . . . . .	201,890	30,049	2,213	234,152
Addition . . . . .	200,000	50,000	2,051	252,051
Gains/(losses) for the period recognized in profit or loss . . . . .	10,065	642	(4,264)	6,443
Disposal . . . . .	(411,955)	(80,691)	—	(492,646)
Closing balance . . . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>



Financial assets at fair value through profit or loss				
	Financial products	Structural deposits	Contingent consideration (Note 31)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Includes unrealized gains/(losses) recognized in profit or loss attributable to balances held at the end of the reporting period . . . . .	—	—	—	—

(ii) The following table presents the changes in level 3 instruments for the year ended December 31, 2017.

Financial assets at fair value through profit or loss					
	Wealth management products	Trust products	Structural deposits	Contingent consideration (Note 31)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance . . . . .	—	201,321	—	—	201,321
Addition . . . . .	200,000	—	30,000	2,213	232,213
Gains for the year recognized in profit or loss . . . . .	1,890	11,041	49	—	12,980
Disposal . . . . .	—	(212,362)	—	—	(212,362)
Closing balance . . . . .	201,890	—	30,049	2,213	234,152
Includes unrealized gains recognized in profit or loss attributable to balances held at the end of the reporting year . . . . .	1,890	—	49	—	1,939

		Financial liabilities at fair value through profit or loss
		Contingent consideration
		RMB'000
Opening balance . . . . .		(4,483)
Addition . . . . .		—
Gains for the year recognized in profit or loss . . . . .		9,483
Disposal . . . . .		(5,000)
Closing balance . . . . .		—
Includes unrealized gains/(losses) recognized in profit or loss attributable to balances held at the end of the reporting year . . . . .		—

(ii) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at December 31, 2017	Valuation technique(s)	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
	RMB'000				
<b>Financial assets at fair value through profit or loss</b>					
— Wealth management products . . . . .	201,890	Discounted cash flow	Expected interest rate per annum	5.81%	A change in expected interest rate per annum by 100 basic point results in a change in fair value by RMB18,000

	Fair value at December 31, 2017	Valuation technique(s)	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
	<b>RMB'000</b>				
— Structural deposits . . . . .	30,049	Discounted cash flow	Expected interest rate per annum	3.56%	A change in expected interest rate per annum by 100 basic point results in a change in fair value by RMB500
— Contingent consideration . . .	2,213	Discounted cash flow	Weighted average capital cost rate	11.60%	A change in weighted average capital cost +/-10% results in a change in fair value by RMB126,000

(iii) The following table presents the changes in level 3 instruments for the year ended December 31, 2016.

	<b>Financial assets at fair value through profit or loss</b>
	<b>Trust products</b>
	<b>RMB'000</b>
Opening balance . . . . .	—
Addition . . . . .	200,000
Gains for the year recognized in profit or loss . . . . .	1,321
Closing balance . . . . .	201,321
Includes unrealized gains/(losses) recognized in profit or loss attributable to balances held at the end of the reporting year . . . . .	—
	<b>Financial liabilities at fair value through profit or loss</b>
	<b>Contingent consideration (Note 31)</b>
	<b>RMB'000</b>
Opening balance . . . . .	—
Addition . . . . .	(4,483)
Gains for the year recognized in profit or loss . . . . .	—
Closing balance . . . . .	(4,483)
Includes unrealized gains/(losses) recognized in profit or loss attributable to balances held at the end of the reporting year . . . . .	—

- (iii) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at December 31, 2016 (RMB'000)	Valuation technique(s)	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
<b>Financial assets at fair value through profit or loss</b>					
— Trust products . . . . .	201,321	Discounted cash flow	Expected interest rate per annum	8.22%	A change in expected interest rate per annum by 100 basic point results in a change in fair value by RMB13,000
<b>Financial liabilities at fair value through profit or loss</b>					
— Contingent consideration . . . . .	(4,483)	Discounted cash flow	Weighted average capital cost rate	11.20%	A change in Weighted average capital cost +/-10% results in a change in fair value by RMB78,000

- (b) Non-financial assets and liabilities

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

The following table presents the changes in level 3 items:

	Investment Properties		
	Retail unit	Car Park	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2016 . . . . .	686	29,037	29,723
Amounts recognized in other gains/(losses) . . . . .	(6)	745	739
As at December 31, 2016 . . . . .	680	29,782	30,462
Amounts recognized in other gains/(losses) . . . . .	4	291	295
As at December 31, 2017 . . . . .	684	30,073	30,757
Amounts recognized in other gains/(losses) . . . . .	(4)	1,934	1,930
As at December 31, 2018 . . . . .	680	32,007	32,687
As at January 1, 2019 . . . . .	680	32,007	32,687
Amounts recognized in other gains/(losses) . . . . .	(7)	—	(7)
As at June 30, 2019 . . . . .	673	32,007	32,680

## 19 Trade and other receivables

## The Group

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (Note (a))				
— Related parties (Note 33(d))	52,458	175,949	186,116	96,257
— Third parties	86,240	189,001	367,209	538,021
	138,698	364,950	553,325	634,278
Less: allowance for impairment of trade receivables	(8,788)	(16,496)	(31,085)	(38,066)
	129,910	348,454	522,240	596,212
Other receivables				
— Related parties (Note 33(d))	—	—	1,629	1,001
— Third parties	19,053	32,648	49,668	73,855
	19,053	32,648	51,297	74,856
Less: allowance for impairment of other receivables	(6,312)	(7,356)	(9,330)	(10,957)
	12,741	25,292	41,967	63,899
Prepayments to suppliers				
— Related parties (Note 33(d))	—	—	673	200
— Third parties	1,177	2,068	31,198	54,202
	1,177	2,068	31,871	54,402
Prepaid tax	625	39	402	41
	144,453	375,853	596,480	714,554

## The Company

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (Note (a))				
— Subsidiaries	—	2,391	—	—
— Related parties	36,931	153,298	141,280	60,061
— Third parties	59,316	95,792	154,350	223,222
	96,247	251,481	295,630	283,283
Less: allowance for impairment of trade receivables	(7,311)	(11,517)	(17,268)	(19,259)
	88,936	239,964	278,362	264,024
Other receivables				
— Subsidiaries	19,322	25,114	59,222	96,516
— Third parties	18,114	24,252	34,368	44,508
	37,436	49,366	93,590	141,024
Less: allowance for impairment of other receivables	(6,254)	(6,678)	(8,008)	(8,857)
	31,182	42,688	85,582	132,167
Prepayments to suppliers				
— Third parties	1,177	1,358	22,073	44,411
Prepaid tax	625	39	396	32
	121,920	284,049	386,413	440,634

(a) Trade receivables mainly arise from property management services income under lump sum basis and consultancy services.

Property management services income under lump sum basis 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.

For consultancy services to non-property owners, customers are generally given a credit term up to 60 days.

As at December 31, 2016, 2017 and 2018 and June 30, 2019, the ageing analysis of the trade receivables based on invoice date were as follows:

#### The Group

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
0-180 days . . . . .	95,829	252,395	342,777	429,517
181-365 days . . . . .	19,808	78,311	110,090	122,463
1 to 2 years . . . . .	12,574	18,830	70,436	56,680
2 to 3 years . . . . .	5,646	6,870	18,196	16,352
Over 3 years . . . . .	4,841	8,544	11,826	9,266
	<u>138,698</u>	<u>364,950</u>	<u>553,325</u>	<u>634,278</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at December 31, 2016, 2017 and 2018 and June 30, 2019, a provision of RMB8,788,000, RMB16,496,000 and RMB31,085,000, RMB38,066,000 was made against the gross amounts of trade receivables (Note 3.1.1).

#### The Company

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
0-180 days . . . . .	59,687	184,971	224,261	202,467
181-365 days . . . . .	16,122	38,665	17,513	34,297
1 to 2 years . . . . .	9,951	12,431	31,708	29,232
2 to 3 years . . . . .	5,646	6,870	11,135	9,345
Over 3 years . . . . .	4,841	8,544	11,013	7,942
	<u>96,247</u>	<u>251,481</u>	<u>295,630</u>	<u>283,283</u>

The Company applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at December 31, 2016, 2017 and 2018 and June 30, 2019, a provision of RMB7,311,000, RMB11,517,000 and RMB17,268,000, RMB19,259,000 was made against the gross amounts of trade receivables.

#### 20 Financial assets at fair value through profit or loss

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Wealth management products (Note 18(a)) . . . . .	—	201,890	—	—
Trust products (Note 18(a)) . . . . .	201,321	—	—	—
Structural deposits (Note 18(a)) . . . . .	—	30,049	—	—
Contingent consideration (Note 31) . . . . .	—	2,213	—	—
	<u>201,321</u>	<u>234,152</u>	<u>—</u>	<u>—</u>

#### 21 Cash and cash equivalents

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand . . . . .	<u>199,524</u>	<u>189,881</u>	<u>307,136</u>	<u>189,009</u>

As at December 31, 2016, 2017 and 2018 and June 30, 2019, cash and cash equivalents did not include housing maintenance funds of nil, RMB1,976,000, RMB136,000 and RMB389,000 which were owned by the property owners but were deposited in the bank accounts in the name of the Group. Such deposits can be used by the Group for the purpose of public maintenance expenditures upon the approval from the relevant government authorities.

## 22 Share capital

	Number of ordinary shares	Share capital RMB'000
<b>Authorised</b>		
As at December 31, 2016 and 2017 . . . . .	88,044,400	88,044
As at December 31, 2018 and June 30, 2019 . . . . .	128,748,460	128,748
<b>Issued and fully paid</b>		
Balance at January 1, 2016 . . . . .	21,161,100	21,161
Transfer from other reserves to share capital (Note (a)) . . . . .	63,483,300	63,483
Issue of shares for listing on NEEQ (Note (b)) . . . . .	3,400,000	3,400
Balance at December 31, 2016 and 2017 . . . . .	88,044,400	88,044
Balance at January 1, 2018 . . . . .	88,044,400	88,044
Transfer from other reserves to share capital (Note (c)) . . . . .	35,217,760	35,218
Capital contribution from owners (Note (d)) . . . . .	5,486,300	5,486
Balance at December 31, 2018 and June 30, 2019 . . . . .	128,748,460	128,748

- (a) On April 21, 2016, pursuant to a resolution of the Company's annual general shareholders' meeting, the Company's other reserves amounting to approximately RMB63,483,000 were converted into share capital of the Company. Upon completion of the conversion on May 9, 2016, the Company's share capital increased from RMB21,161,000 to RMB84,644,000.
- (b) On December 17, 2015, the Company's shares were listed on NEEQ. In September 2016, the Company issued 3,400,000 ordinary shares denominated in RMB with a par value of RMB1 each. After deducting the issuance expenses, RMB3,400,000 and RMB35,700,000 were recorded as share capital and share premium (Note 24) respectively.
- (c) On May 8, 2018, pursuant to a resolution of the Company's annual general shareholders' meeting, the Company's other reserves of approximately RMB35,218,000 were converted into share capital of the Company. Upon completion of the conversion on June 12, 2018, the Company's share capital increased from RMB88,044,000 to RMB123,262,000.
- (d) Due to the adoption of the Share Incentive Plan (Note 23), on December 3, 2018, the Company received capital contribution amounting to RMB34,893,000 in cash from Ningbo Jiaqian Corporate Management Partnership (Limited Partnership) (寧波嘉乾企業管理合夥企業(有限合夥)) (the "Ningbo Jiaqian"). RMB5,486,000 and RMB29,407,000 were recorded as share capital and share premium (Note 24) respectively. Upon completion of the capital injection, Languang Hejun, Ningbo Jiaqian and Jiayu LLP held 89.97%, 4.26% and 4.22% of equity interests of the Company, respectively.

## 23 Share-based payments

Pursuant to the resolution of the board of directors dated November 9, 2018, a share incentive plan (the "Share Incentive Plan") was approved, under which the Company would issue certain shares (the "Incentive Shares") to Ningbo Jiaqian, an independent trustee, at a subscription price of RMB6.36 per share (the "Subscription Price"). Ningbo Jiaqian was established on November 1, 2018, by 11 of the Company's employees, including directors, supervisors, senior management and certain employees (the "Recipients"), approved in the Share Incentive Plan. The related consideration for subscription of the Incentive Shares was paid to the Company by the Recipients through Ningbo Jiaqian.

The Incentive Shares represented an aggregate of 5,486,300 shares, 4.26% of the total issued and outstanding shares on December 3, 2018.

The incentive shares are with lock-up period. 40%, 30% and 30% of the incentive shares acquired by the Recipients will be unlocked once per year in three years after one year starting from the December 3, 2018 (the "Subscription Date"), subjected to achieving both of the Company performance conditions and the personal performance requirement as set out in the Share Incentive Plan.

Languang Hejun, the parent company of the Company, has the legal obligation to repurchase the incentive shares that fail to unlock due to dissatisfaction of the performance conditions at the Subscription Price.

On December 3, 2018, the Company issued and granted 5,486,300 shares of the Company to the Recipients through Ningbo Jiaqian at a price of RMB6.36 per share and received capital contribution amounting to RMB34,893,000 in cash from Ningbo Jiaqian. RMB5,486,000 and RMB29,407,000 were recorded as share capital (Note 22) and share premium (Note 24) respectively.

The excess of fair value of the Incentive Shares granted to the Recipients was recognized as expense over the vesting period in the consolidated statement of comprehensive income. During the year ended December 31, 2018 and the six months ended June 30, 2019, the Company has recognized employee benefit expenses of RMB3,713,000 and RMB11,139,000 respectively in the consolidated statements of comprehensive income in relation to the Share Incentive Plan.

## 24 Reserves

### The Group

	Share premium	Employee share-based compensation reserve	Statutory reserves	Total other reserves	Retained earnings	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at January 1, 2016</b>	98,553	978	2,650	102,181	1,030	103,211
Profit for the year	—	—	—	—	100,898	100,898
Transfer from other reserves to share capital (Note 22(a))	(63,483)	—	—	(63,483)	—	(63,483)
Issue of shares for listing on NEEQ (Note 22(b))	35,700	—	—	35,700	—	35,700
Dividend declared to shareholders of the Company (Note 28)	—	—	—	—	(4,782)	(4,782)
Appropriation of statutory reserves (Note (a))	—	—	8,035	8,035	(8,035)	—
<b>Balance at December 31, 2016</b>	<u>70,770</u>	<u>978</u>	<u>10,685</u>	<u>82,433</u>	<u>89,111</u>	<u>171,544</u>
<b>Balance at January 1, 2017</b>	70,770	978	10,685	82,433	89,111	171,544
Profit for the year	—	—	—	—	184,354	184,354
Dividend declared to shareholders of the Company (Note 28)	—	—	—	—	(18,489)	(18,489)
Appropriation of statutory reserves (Note (a))	—	—	12,554	12,554	(12,554)	—
<b>Balance at December 31, 2017</b>	<u>70,770</u>	<u>978</u>	<u>23,239</u>	<u>94,987</u>	<u>242,422</u>	<u>337,409</u>
<b>Balance at January 1, 2018</b>	70,770	978	23,239	94,987	242,422	337,409
Profit for the year	—	—	—	—	289,347	289,347
Transfer from other reserves to share capital (Note 22(c))	(35,218)	—	—	(35,218)	—	(35,218)
Capital injection in connection with Share Incentive Plan (Note 22(d))	29,407	—	—	29,407	—	29,407
Changes in ownership interests in subsidiaries without change of control (Note 32)	2,638	—	—	2,638	—	2,638
Dividend declared to shareholders of the Company (Note 28)	—	—	—	—	(319,345)	(319,345)
Employee share-based payment scheme — value of employee service (Note 23)	—	3,713	—	3,713	—	3,713
Appropriation of statutory reserves (Note (a))	—	—	29,547	29,547	(29,547)	—
<b>Balance at December 31, 2018</b>	<u>67,597</u>	<u>4,691</u>	<u>52,786</u>	<u>125,074</u>	<u>182,877</u>	<u>307,951</u>
<b>Balance at January 1, 2019</b>	67,597	4,691	52,786	125,074	182,877	307,951
Profit for the period	—	—	—	—	179,878	179,878
Dividend declared to shareholders of the Company (Note 28)	—	—	—	—	(215,010)	(215,010)
Employee share-based payment scheme — value of employee service (Note 23)	—	11,139	—	11,139	—	11,139
Appropriation of statutory reserves (Note (a))	—	—	16,802	16,802	(16,802)	—
<b>Balance at June 30, 2019</b>	<u>67,597</u>	<u>15,830</u>	<u>69,588</u>	<u>153,015</u>	<u>130,943</u>	<u>283,958</u>



## The Company

	Share premium	Employee share-based compensation reserve	Statutory reserves	Total other reserves	Retained earnings	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at January 1, 2016</b> . . . .	70,077	978	2,650	73,705	32,977	106,682
Profit for the year . . . . .	—	—	—	—	80,040	80,040
Transfer from other reserves to share capital (Note 22(a)) . . . .	(63,483)	—	—	(63,483)	—	(63,483)
Issue of shares for listing on NEEQ (Note 22(b)) . . . . .	35,700	—	—	35,700	—	35,700
Dividend declared to shareholders of the Company (Note 28) . . . .	—	—	—	—	(4,782)	(4,782)
Appropriation of statutory reserves (Note (a)) . . . . .	—	—	8,035	8,035	(8,035)	—
<b>Balance at December 31, 2016</b> . .	<u>42,294</u>	<u>978</u>	<u>10,685</u>	<u>53,957</u>	<u>100,200</u>	<u>154,157</u>
<b>Balance at January 1, 2017</b> . . . .	42,294	978	10,685	53,957	100,200	154,157
Profit for the year . . . . .	—	—	—	—	125,517	125,517
Dividend declared to shareholders of the Company (Note 28) . . . .	—	—	—	—	(18,489)	(18,489)
Appropriation of statutory reserves (Note (a)) . . . . .	—	—	12,554	12,554	(12,554)	—
<b>Balance at December 31, 2017</b> . .	<u>42,294</u>	<u>978</u>	<u>23,239</u>	<u>66,511</u>	<u>194,674</u>	<u>261,185</u>
<b>Balance at January 1, 2018</b> . . . .	42,294	978	23,239	66,511	194,674	261,185
Profit for the year . . . . .	—	—	—	—	305,512	305,512
Transfer from other reserves to share capital (Note 22(c)) . . . .	(35,218)	—	—	(35,218)	—	(35,218)
Capital injection in connection with Share Incentive Plan (Note 22(d)) . . . . .	29,407	—	—	29,407	—	29,407
Dividend declared to shareholders of the Company (Note 28) . . . .	—	—	—	—	(319,345)	(319,345)
Employee share-based payment scheme — Value of employee service (Note 23) . . . . .	—	3,713	—	3,713	—	3,713
Appropriation of statutory reserves (Note (a)) . . . . .	—	—	29,547	29,547	(29,547)	—
<b>Balance at December 31, 2018</b> . .	<u>36,483</u>	<u>4,691</u>	<u>52,786</u>	<u>93,960</u>	<u>151,294</u>	<u>245,254</u>
<b>Balance at January 1, 2019</b> . . . .	36,483	4,691	52,786	93,960	151,294	245,254
Profit for the period . . . . .	—	—	—	—	168,024	168,024
Dividend declared to shareholders of the Company (Note 28) . . . .	—	—	—	—	(215,010)	(215,010)
Employee share-based payment scheme — Value of employee service (Note 23) . . . . .	—	11,139	—	11,139	—	11,139
Appropriation of statutory reserves (Note (a)) . . . . .	—	—	16,802	16,802	(16,802)	—
<b>Balance at June 30, 2019</b> . . . .	<u>36,483</u>	<u>15,830</u>	<u>69,588</u>	<u>121,901</u>	<u>87,506</u>	<u>209,407</u>

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

## 25 Trade and other payables

## The Group

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables (Note (a))				
— Related parties (Note 33(d))	600	960	234	4,238
— Third parties	18,817	40,965	64,878	84,804
	19,417	41,925	65,112	89,042
Other payables				
— Related parties (Note 33(d))	46,730	71,712	53,296	15,439
— Third parties	128,052	189,435	237,705	265,258
	174,782	261,147	291,001	280,697
Accrued payroll	66,920	83,781	107,963	84,985
Other taxes payables	5,053	12,194	14,802	12,104
Dividend payable	—	—	2,177	10,735
	266,172	399,047	481,055	477,563

## The Company

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables (Note (a))				
— Related parties	461	661	3	3,345
— Third parties	13,595	23,043	29,409	41,769
	14,056	23,704	29,412	45,114
Other payables				
— Subsidiaries	74,303	112,442	51,862	112,554
— Related parties	46,094	70,655	67,105	14,670
— Third parties	91,692	125,933	145,623	160,801
	212,089	309,030	264,590	288,025
Accrued payroll	52,328	56,872	66,139	47,085
Other taxes payables	1,621	5,816	7,487	6,973
Dividend payable	—	—	47	91
	280,094	395,422	367,675	387,288

As at December 31, 2016, 2017 and 2018 and June 30, 2019, the carrying amounts of trade and other payables approximated its fair values.

- (a) As at December 31, 2016, 2017 and 2018 and June 30, 2019, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

## The Group

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 1 year	19,411	41,697	61,262	85,931
1 to 2 years	6	228	3,681	2,793
2 to 3 years	—	—	169	250
Over 3 years	—	—	—	68
	19,417	41,925	65,112	89,042

## The Company

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 1 year . . . . .	14,050	23,528	28,420	43,891
1 to 2 years . . . . .	6	176	823	905
2 to 3 years . . . . .	—	—	169	250
Over 3 years . . . . .	—	—	—	68
	<u>14,056</u>	<u>23,704</u>	<u>29,412</u>	<u>45,114</u>

## 26 Deferred income tax

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

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets:				
— Deferred tax assets to be recovered after more than 12 months . . . . .	2,447	4,144	8,092	9,393
— Deferred tax assets to be recovered within 12 months . . . . .	207	729	2,473	4,168
	<u>2,654</u>	<u>4,873</u>	<u>10,565</u>	<u>13,561</u>
Deferred tax liabilities:				
— Deferred tax liabilities to be recovered after more than 12 months . . . . .	(6,488)	(14,450)	(19,466)	(18,547)
— Deferred tax liabilities to be recovered within 12 months . . . . .	(718)	(2,007)	(2,996)	(2,607)
	<u>(7,206)</u>	<u>(16,457)</u>	<u>(22,462)</u>	<u>(21,154)</u>
	<u>(4,552)</u>	<u>(11,584)</u>	<u>(11,897)</u>	<u>(7,593)</u>

The movement in deferred income tax assets and liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets — allowance on doubtful debts	Deferred tax assets — accrued expenses	Deferred tax assets — tax losses	Deferred tax assets — net impact of right-of- use assets and lease liabilities	Deferred tax liabilities — excess of value of intangible assets identified in business combination	Deferred tax liabilities — investment properties	Deferred tax liabilities — financial assets at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2016 . . . . .	1,715	48	—	—	—	(2,755)	—	(992)
Credited/(charged) to the consolidated statements of comprehensive income . . . . .	225	159	—	114	171	(158)	(205)	306
Acquisition of a subsidiary (Note 31(a)) . . . . .	393	—	—	—	(4,259)	—	—	(3,866)
At December 31, 2016 . . . . .	<u>2,333</u>	<u>207</u>	<u>—</u>	<u>114</u>	<u>(4,088)</u>	<u>(2,913)</u>	<u>(205)</u>	<u>(4,552)</u>
Credited/(charged) to the consolidated statements of comprehensive income . . . . .	1,642	517	—	60	809	(123)	(104)	2,801
Acquisition of subsidiaries (Note 31(b)) . . . . .	—	—	—	—	(9,833)	—	—	(9,833)
At December 31, 2017 . . . . .	<u>3,975</u>	<u>724</u>	<u>—</u>	<u>174</u>	<u>(13,112)</u>	<u>(3,036)</u>	<u>(309)</u>	<u>(11,584)</u>

# APPENDIX I

# ACCOUNTANT'S REPORT

	Deferred tax assets — allowance on doubtful debts	Deferred tax assets — accrued expenses	Deferred tax assets — tax losses	Deferred tax assets — net impact of right-of-use assets and lease liabilities	Deferred tax liabilities — excess of value of intangible assets identified in business combination	Deferred tax liabilities — investment properties	Deferred tax liabilities — financial assets at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2018	3,975	724	—	174	(13,112)	(3,036)	(309)	(11,584)
Credited/(charged) to the consolidated statements of comprehensive income	2,689	1,339	1,430	(5)	2,152	(734)	309	7,180
Acquisition of subsidiaries (Note 31(c))	239	—	—	—	(7,732)	—	—	(7,493)
At December 31, 2018	6,903	2,063	1,430	169	(18,692)	(3,770)	—	(11,897)
As at January 1, 2019	6,903	2,063	1,430	169	(18,692)	(3,770)	—	(11,897)
Credited/(charged) to the consolidated statements of comprehensive income	1,653	1,796	(446)	(7)	1,305	3	—	4,304
At June 30, 2019	8,556	3,859	984	162	(17,387)	(3,767)	—	(7,593)

As at December 31, 2016, 2017 and 2018 and June 30, 2019, in accordance with the accounting policy set out in Note 2.18(b), the Group has not recognized deferred tax assets in respect of cumulative tax losses of RMB8,481,000, RMB8,506,000, RMB193,000 and RMB75,000 as it is not probable that future taxable profits against which the losses can be utilized 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.

## Unused tax losses for which no deferred tax asset was recognized

Expiry year	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
2017	12	—	—	—
2018	337	337	—	—
2019	1,857	1,857	24	—
2020	1,757	1,757	40	—
2021	4,518	4,518	36	—
2022	—	37	56	38
2023	—	—	37	37
	8,481	8,506	193	75

## 27 Leases

### (i) Amounts recognized in the balance sheet

#### The Group

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Right-of-use assets</b>				
Properties (Note 14)	6,343	5,642	5,355	4,888
<b>Lease liabilities</b>				
Current	682	1,510	2,271	2,322
Non-current	6,415	5,338	4,278	3,674
	7,097	6,848	6,549	5,996

## The Company

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Right-of-use assets</b>				
Properties . . . . .	6,343	5,168	4,133	3,350
<b>Lease liabilities</b>				
Current . . . . .	682	1,340	1,895	1,804
Non-current . . . . .	6,415	5,135	3,503	2,659
	7,097	6,475	5,398	4,463

As at December 31, 2016, 2017 and 2018 and June 30, 2019, right-of-use assets were included in property, plant and equipment in the consolidated and company balance sheets.

## (ii) Amounts recognized in the consolidated statements of comprehensive income

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
<b>Depreciation charge of right-of-use assets</b>					
Properties (Note 14) . . . . .	1,268	1,365	1,852	853	1,074
Interest expense (included in finance cost) . . . .	354	335	339	167	158
Expenses relating to short-term leases (included in cost of sales and administrative expense) (Note 8) . . . . .	16,639	22,525	21,932	9,892	15,042

The total cash outflow for leases for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019 is RMB17,507,000, RMB23,773,000, RMB24,135,000, RMB10,914,000 and RMB16,360,000, respectively.

## 28 Dividends

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Dividends . . . . .	4,782	18,489	319,345	36,098	215,010

During each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, the Company declared dividends of RMB4,782,000, RMB18,489,000, RMB319,345,000, RMB36,098,000 and RMB215,010,000, respectively.

## 29 Cash generated from operations

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax . . . . .	120,751	220,197	353,867	109,112	222,913
Adjustments for:					
— Depreciation of property, plant and equipment (Note 14) . . .	3,201	4,103	5,662	2,653	3,271
— Fair value (gains)/losses on investment properties (Note 15) . . . . .	(739)	(295)	(1,930)	(2,083)	7
— Amortization of other intangible assets (Note 16) .	1,442	6,027	12,505	5,062	7,870
— Allowance for impairment of trade and other receivables .	4,006	8,752	16,563	10,130	8,608
— Losses/(gains) from disposal of property, plant and equipment . . . . .	5	(19)	37	16	—
— Fair value gains on financial assets at fair value through profit or loss . . . . .	(1,321)	(12,980)	(6,443)	(6,421)	—
— Fair value gains on financial liabilities at fair value through profit or loss . . . . .	—	(9,483)	—	—	—
— Share-based employee expense (Note 23) . . . . .	—	—	3,713	—	11,139
— Listing expense . . . . .	—	—	820	—	—
— Interest expense (Note 27) . .	354	335	339	167	158
	<u>127,699</u>	<u>216,637</u>	<u>385,133</u>	<u>118,636</u>	<u>253,966</u>
Changes in working capital:					
— Inventories . . . . .	(2,057)	(2,553)	(1,060)	(1,981)	(1,232)
— Trade and other receivables .	(17,710)	(185,451)	(184,509)	(221,046)	(101,140)
— Contract liabilities . . . . .	42,608	19,692	46,506	(70,480)	47,864
— Trade and other payables . . .	65,495	82,683	40,120	247,466	(13,966)
	<u>216,035</u>	<u>131,008</u>	<u>286,190</u>	<u>72,595</u>	<u>185,492</u>

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

	Borrowings	Other payables- interest payable	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at January 1, 2016</b> . . . . .	—	—	7,611	7,611
Accrued interest expenses . . .	—	—	354	354
Repayments . . . . .	—	—	(514)	(514)
Interest paid . . . . .	—	—	(354)	(354)
<b>As at December 31, 2016</b> . . .	<u>—</u>	<u>—</u>	<u>7,097</u>	<u>7,097</u>
<b>As at January 1, 2017</b> . . . . .	—	—	7,097	7,097
Addition of lease liabilities . . .	—	—	664	664
Accrued interest expenses . . .	—	—	335	335
Repayments . . . . .	—	—	(914)	(914)
Interest paid . . . . .	—	—	(334)	(334)
<b>As at December 31, 2017</b> . . .	<u>—</u>	<u>—</u>	<u>6,848</u>	<u>6,848</u>
<b>As at January 1, 2018</b> . . . . .	—	—	6,848	6,848
Acquisition of subsidiaries (Note 31(c)) . . . . .	9,000	—	—	9,000
Addition of lease liabilities . . .	—	—	1,565	1,565
Accrued interest expenses . . .	—	24	339	363
Repayments . . . . .	(9,000)	—	(1,866)	(10,866)
Interest paid . . . . .	—	(24)	(337)	(361)
<b>As at December 31, 2018</b> . . .	<u>—</u>	<u>—</u>	<u>6,549</u>	<u>6,549</u>

	Borrowings	Other payables- interest payable	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at January 1, 2019</b> . . . . .	—	—	6,549	6,549
Addition of lease liabilities . . . . .	—	—	607	607
Accrued interest expenses . . . . .	—	—	158	158
Repayments . . . . .	—	—	(1,165)	(1,165)
Interest paid . . . . .	—	—	(153)	(153)
<b>As at June 30, 2019</b> . . . . .	—	—	5,996	5,996
<b>(Unaudited)</b>				
<b>As at January 1, 2018</b> . . . . .	—	—	6,848	6,848
Acquisition of subsidiaries (Note 31(c)) . . . . .	9,000	—	—	9,000
Addition of lease liabilities . . . . .	—	—	581	581
Accrued interest expenses . . . . .	—	—	167	167
Repayments . . . . .	—	—	(862)	(862)
Interest paid . . . . .	—	—	(160)	(160)
<b>As at June 30, 2018</b> . . . . .	9,000	—	6,574	15,574

### 30 Commitments

#### (a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred for the years ended December 31, 2017 and 2018 and for the six months ended June 30, 2019 included the renovation of the parking lots (for the year ended December 31, 2016: nil).

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 1 year . . . . .	—	1,364	98	98
1 to 2 years . . . . .	—	98	—	—
	—	1,462	98	98

#### (b) Lease commitments — as lessee

The Group leases offices and staff dormitories under non-cancellable lease agreements with lease term less than 12 months. The majority of lease agreements are signed with third parties and renewable at the end of the lease period based on rates mutually agreed.

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

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 1 year . . . . .	—	74	114	134

### 31 Business combinations

Business combinations during the Track Record Period included the acquisitions of six property management companies. The acquired companies' principal activities are property management in the PRC. The financial information of the six acquired companies on the acquisition dates is listed as follows:

#### (a) Acquisition of Guojia Property during the year ended December 31, 2016

On September 13, 2016, the Company completed its acquisition of 100% the equity interests in Guojia Property at a consideration of RMB98,483,000 from a third party. Total identifiable net assets of Guojia Property amounted to RMB29,786,000. The excess of the consideration transferred over the fair value of the identifiable net assets acquired was recorded as goodwill.

The acquired business of Guojia Property contributed total revenue of RMB24,927,000 and net profit of RMB6,359,000 to the Group for the year from its acquisition date to December 31, 2016.

Had Guojia Property been consolidated from January 1, 2016, the consolidated statements of comprehensive income for the year ended December 31, 2016 would show pro-forma revenue of RMB706,208,000 and profit of RMB103,905,000.



The acquisition agreement stipulated that the original shareholders promise for the property management of a certain prospective project. If the terms of the contingent consideration agreement cannot be fulfilled at the end, a part of the total consideration will be deducted. A third-party appraiser has been engaged to evaluate the fair value of the contingent consideration on the acquisition date, which was recorded as "financial liabilities at fair value through profit and loss".

	RMB'000
<b>Consideration</b>	
— Cash paid . . . . .	94,000
— Contingent consideration . . . . .	4,483
	<u>98,483</u>
 <b>Recognized amounts of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents . . . . .	36,265
Property, plant and equipment (Note 14) . . . . .	242
Intangibles assets (Note 16) . . . . .	41
Customer relationship (Note 16) . . . . .	28,387
Deferred tax assets (Note 26) . . . . .	393
Inventories . . . . .	152
Trade and other receivables . . . . .	12,905
Trade and other payables . . . . .	(29,566)
Contract liabilities . . . . .	(14,774)
Deferred tax liabilities (Note 26) . . . . .	(4,259)
Total identifiable net assets . . . . .	<u>29,786</u>
Goodwill (Note 16) . . . . .	<u>68,697</u>

Goodwill of RMB68,697,000 arose from a number of factors. Significant elements include expected synergies through combining a highly skilled workforce and obtaining economies of scale. None of the goodwill recognized is expected to be deductible for income tax purposes.

Net cash outflow arising on acquisition of Guojia Property during the year ended December 31, 2016:

	RMB'000
Cash consideration paid . . . . .	(94,000)
Cash and cash equivalents acquired at the acquisition date . . . . .	36,265
Net cash outflow on acquisitions . . . . .	<u>(57,735)</u>

(b) Acquisition of Hangzhou Lvyu and Shanghai Zhenxian during the year ended December 31, 2017

On October 19, 2017, the Company completed its acquisition of 76% equity interests in Hangzhou Lvyu at a consideration of RMB58,308,000 from a third party. Total identifiable net assets of Hangzhou Lvyu amounted to RMB22,739,000. The excess of the consideration transferred over the fair value of the identifiable net assets acquired was recorded as goodwill.

The acquired businesses of Hangzhou Lvyu contributed total revenue of RMB32,912,000 and net loss of RMB739,000 to the Group for the year from the respective acquisition date to December 31, 2017.

On October 24, 2017, the Company completed its acquisition of 80% of the equity interests in Shanghai Zhenxian at a consideration of RMB23,479,000 from a third party. Total identifiable net assets of Shanghai Zhenxian amounted to RMB10,190,000. The excess of the consideration transferred over the fair value of the identifiable net assets acquired was recorded as goodwill.

The acquired businesses of Shanghai Zhenxian contributed total revenue of RMB14,716,000 and net profit of RMB764,000 to the Group for the year from the respective acquisition date to December 31, 2017.

Had Hangzhou Lvyu and Shanghai Zhenxian been consolidated from January 1, 2017, the consolidated statements of comprehensive income for the year ended December 31, 2017 would show pro-forma revenue of RMB1,049,655,000 and profit of RMB195,552,000.

The acquisition agreements stipulated that the original shareholders promise for the revenue and gross floor area under management to reach a certain performance target in certain period. If the terms of the contingent consideration agreement cannot be fulfilled at the end, a part of the total consideration will be deducted. A third-party appraiser has been engaged to evaluate the fair value of the contingent consideration on the acquisition date, which was recorded as "financial assets at fair value through profit and loss".

	Hangzhou Lvyu	Shanghai Zhenxian	Total
	RMB'000	RMB'000	RMB'000
<b>Consideration</b>			
— Cash paid . . . . .	54,000	21,600	75,600
— Payable . . . . .	6,000	2,400	8,400
— Contingent consideration . . . . .	(1,692)	(521)	(2,213)
	<u>58,308</u>	<u>23,479</u>	<u>81,787</u>
<b>Recognized amounts of identifiable assets acquired and liabilities assumed</b>			
Cash and cash equivalents . . . . .	2,406	685	3,091
Property, plant and equipment (Note 14) . . . . .	1,392	—	1,392
Customer relationship (Note 16) . . . . .	26,768	12,563	39,331
Trade and other receivables . . . . .	37,749	16,952	54,701
Trade and other payables . . . . .	(29,357)	(12,436)	(41,793)
Current income tax liabilities . . . . .	(5,232)	(1,402)	(6,634)
Contract liabilities . . . . .	(4,295)	(3,031)	(7,326)
Deferred tax liabilities (Note 26) . . . . .	(6,692)	(3,141)	(9,833)
Total identifiable net assets . . . . .	<u>22,739</u>	<u>10,190</u>	<u>32,929</u>
Less: non-controlling interests . . . . .	<u>(5,457)</u>	<u>(2,038)</u>	<u>(7,495)</u>
Net assets acquired . . . . .	<u>17,282</u>	<u>8,152</u>	<u>25,434</u>
Goodwill (Note 16) . . . . .	<u>41,026</u>	<u>15,327</u>	<u>56,353</u>

Goodwill of RMB56,353,000 arose from a number of factors. Significant elements include expected synergies through combining a highly skilled workforce and obtaining economies of scale. None of the goodwill recognized is expected to be deductible for income tax purposes.

Net cash outflow arising on acquisition during the year ended December 31, 2017:

	RMB'000
Cash consideration paid . . . . .	(75,600)
Cash and cash equivalents acquired at the acquisition date . . . . .	<u>3,091</u>
Net cash outflow on acquisitions . . . . .	<u>(72,509)</u>

(c) Acquisition of Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng during the year ended December 31, 2018

On June 19, 2018, the Company completed its acquisition of 65% of the equity interests in Chengdu Dongjing at a consideration of RMB51,075,000 from a third party. Total identifiable net assets of Chengdu Dongjing amounted to RMB26,581,000. The excess of the consideration transferred over the fair value of the identifiable net assets acquired was recorded as goodwill.

On June 25, 2018, the Company completed its acquisition of 70% of the equity interests in Luzhou Tianli at a consideration of RMB33,874,000 from a third party. Total identifiable net assets of Luzhou Tianli amounted to RMB15,040,000. The excess of the consideration transferred over the fair value of the identifiable net assets acquired was recorded as goodwill.

On December 29, 2018, the Company completed its acquisition of 100% of the equity interests in Chengdu Quancheng at a consideration of RMB2,300,000 from a third party. Total identifiable net assets of Chengdu Quancheng amounted to RMB525,000. The excess of the consideration transferred over the fair value of the identifiable net assets acquired was recorded as goodwill.

The acquired businesses of Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng contributed total revenue of RMB72,411,000 and net profit of RMB8,945,000 to the Group for the year from the respective acquisition date to December 31, 2018.

Had Chengdu Dongjing, Luzhou Tianli and Chengdu Quancheng been consolidated from January 1, 2018, the consolidated statements of comprehensive income for the year ended December 31, 2018 would show pro-forma revenue of RMB1,537,882,000 and profit of RMB309,451,000.

The acquisition agreements stipulated that the original shareholders promise for the revenue and gross floor area under management to reach a certain performance target in certain period. If the terms of the contingent consideration agreement cannot be fulfilled at the end, a part of the total consideration will be deducted. A third-party appraiser has been engaged to evaluate the fair value of the contingent consideration on the acquisition date, which was recorded as "financial assets at fair value through profit and loss".

	Chengdu Dongjing	Luzhou Tianli	Chengdu Quancheng	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Consideration</b>				
— Cash paid . . . . .	50,000	31,500	690	82,190
— Payable . . . . .	2,000	3,500	1,610	7,110
— Contingent consideration . . . . .	(925)	(1,126)	—	(2,051)
	<u>51,075</u>	<u>33,874</u>	<u>2,300</u>	<u>87,249</u>
<b>Recognized amounts of identifiable assets acquired and liabilities assumed</b>				
Cash and cash equivalents . . . . .	12,366	11,120	3,643	27,129
Property, plant and equipment (Note 14) . . . . .	291	77	30	398
Customer relationship (Note 16) . . . . .	24,803	16,049	—	40,852
Deferred tax assets (Note 26) . . . . .	228	11	—	239
Inventories . . . . .	6	—	—	6
Trade and other receivables . . . . .	33,459	2,328	358	36,145
Trade and other payables . . . . .	(19,450)	(5,209)	(1,339)	(25,998)
Borrowings . . . . .	(9,000)	—	—	(9,000)
Contract liabilities . . . . .	(12,402)	(5,325)	(2,167)	(19,894)
Deferred tax liabilities (Note 26) . . . . .	(3,720)	(4,012)	—	(7,732)
Total identifiable net assets . . . . .	<u>26,581</u>	<u>15,039</u>	<u>525</u>	<u>42,145</u>
Less: non-controlling interests . . . . .	<u>(9,303)</u>	<u>(4,511)</u>	<u>—</u>	<u>(13,814)</u>
Net assets acquired . . . . .	<u>17,278</u>	<u>10,528</u>	<u>525</u>	<u>28,331</u>
Goodwill (Note 16) . . . . .	<u>33,797</u>	<u>23,346</u>	<u>1,775</u>	<u>58,918</u>

Goodwill of RMB58,918,000 arose from a number of factors. Significant elements include expected synergies through combining a highly skilled workforce and obtaining economies of scale. None of the goodwill recognized is expected to be deductible for income tax purposes.

Net cash outflow arising on acquisition during the year ended December 31, 2018:

	RMB'000
Cash consideration paid . . . . .	(82,190)
Cash and cash equivalents acquired at the acquisition date . . . . .	<u>27,129</u>
Net cash outflow on acquisitions . . . . .	<u>(55,061)</u>

### 32 Changes in ownership interests in subsidiaries

On September 25, 2018 and on October 8, 2018, the Company transferred 8.65% and 2.44% equity interests of Shanghai Zhenxian and Hangzhou Lvyu to Chengdu Jiaruixiang LLP (成都嘉瑞祥企業管理中心(有限合夥)) and Chengdu Jiaheheng LLP (成都嘉合亨企業管理中心(有限合夥)), established by the respective subsidiaries' staffs at the consideration of RMB2,595,000 and RMB1,930,000 respectively. Management has assessed that the consideration approximated to the fair value of the disposed minority interests immediately prior to the disposal thus concluded that there was no share-based payment element involved in this transaction. The Group recognized an increase in non-controlling interests of RMB1,887,000 and an increase in equity attributable to owners of the parent of RMB2,638,000. The effect on the equity attributable to the owners of Shanghai Zhenxian and Hangzhou Lvyu during the year ended December 31, 2018 is summarized as follows:

	Shanghai Zhenxian	Hangzhou Lvyu	Total
	RMB'000	RMB'000	RMB'000
Consideration received from the transfer of ownership interests . . . . .	2,595	1,930	4,525
Carrying amount of ownership interests disposed . . . . .	<u>(1,142)</u>	<u>(745)</u>	<u>(1,887)</u>
Amounts recognized in changes in ownership interests in subsidiaries without change of control within equity . . . . .	<u>1,453</u>	<u>1,185</u>	<u>2,638</u>

There were no changes in ownership interests in subsidiaries without change of control within equity in 2016 and 2017.

## 33 Related party transactions

## (a) Name and relationship with related parties

Name	Relationship
Mr. Yang Keng 楊鏗	The founding shareholder
Languang Investment Holdings Group Co., Ltd. 藍光投資控股集團有限公司	The ultimate holding company
Languang Development 四川藍光發展股份有限公司	Intermediate holding company
Languang Hejun 四川藍光和駿實業有限公司	Parent company
Sichuan Languangmeishang Beverage Co., Ltd.* 四川藍光美尚飲品股份有限公司	Controlled by the same ultimate holding company
Beijing Hejun Investment Co., Ltd.* 北京和駿投資有限責任公司	Controlled by the same ultimate holding company
Chengdu Wenjiang Languang Hejun Property Co., Ltd.* 成都市溫江區藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Jintang Languang Hejun Property Co., Ltd.* 成都金堂藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Wenjiang Hejun Real Estate Co., Ltd.* 成都市溫江區和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Dujiangyan Hejun Real Estate Co., Ltd.* 成都都江堰和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Shuangliu Hejun Real Estate Co., Ltd.* 成都雙流和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Chenghua Languang Hejun Property Co., Ltd.* 成都成華藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Wuniuzhenghui Electric Appliance Co., Ltd.* 成都五牛正惠電器有限公司	Controlled by the same ultimate holding company
Chengdu Hejun Investment Co., Ltd.* 成都和駿投資有限公司	Controlled by the same ultimate holding company
Chengdu Jinniu Languang Hejun Property Co., Ltd.* 成都金牛藍光和駿置業有限公司	Controlled by the same ultimate holding company
Nanchong Languang Hejun Property Co., Ltd.* 南充藍光和駿置業有限公司	Controlled by the same ultimate holding company
Sichuan Languang Cultural Tourism Investment Co., Ltd.* 四川藍光文化旅遊投資有限公司	Controlled by the same ultimate holding company
Chengdu Gaoxin Languang Hejun Real Estate Co., Ltd.* 成都高新藍光和駿置業有限公司	Controlled by the same ultimate holding company
Zigong Languang Hejun Property Co., Ltd.* 自貢藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Wuhou Languang Gold Room Property Co., Ltd.* 成都武侯藍光金房置業有限公司	Controlled by the same ultimate holding company
Jiaxing Languang Hejun Property Co., Ltd.* 嘉興藍光和駿置業有限公司	Controlled by the same ultimate holding company
Suining Languang Hejun Property Co., Ltd.* 遂寧藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chongqing Yusheng Real Estate Co., Ltd.* 重慶宇晟置業有限公司	Controlled by the same ultimate holding company
Chongqing Lanshen Real Estate Co., Ltd.* 重慶藍申置業有限公司	Controlled by the same ultimate holding company
Chongqing Jinhong Enterprise Management Consulting Co., Ltd.* 重慶錦泓企業管理有限公司	Controlled by the same ultimate holding company
Yuyao Lanjun Real Estate Co., Ltd.* 余姚市藍駿置業有限公司	Controlled by the same ultimate holding company
Xi'an Yukun Real Estate Development Co., Ltd.* 西安煜坤房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Languang Court Hotel Co., Ltd.* 成都藍光悅庭酒店有限公司	Controlled by the same ultimate holding company
Chongqing Zhonghong Hejun Enterprise Management Co., Ltd.* (Formerly known as Chongqing Hejun Investment Co., Ltd.)* 重慶中泓和駿企業管理服務有限公司 (Formerly known as 重慶和駿投資有限公司)	Controlled by the same ultimate holding company
Chengdu Chenghua Hejun Real Estate Co., Ltd.* 成都成華和駿置業有限公司	Controlled by the same ultimate holding company

Name	Relationship
Xinxiang Languang Liuyuan Property Co., Ltd.* 新鄉市藍光源置業有限公司	Controlled by the same ultimate holding company
Hunan Sanhuan Property Co., Ltd.* 湖南三環置業有限公司	Controlled by the same ultimate holding company
Ningbo Hangzhouwan Xinqu Xinxing Real Estate Development Co., Ltd.* 寧波杭州灣新區新星房地產開發有限公司	Controlled by the same ultimate holding company
Nanning Cancong Property Co., Ltd.* 南寧燦琮置業有限公司	Controlled by the same ultimate holding company
Dazhou Languang Hejun Property Co., Ltd.* 達州藍光和駿置業有限公司	Controlled by the same ultimate holding company
Xinxiang Tangpu Jinhong Real Estate Development Co., Ltd.* 新鄉市唐普錦鴻房地產開發有限公司	Controlled by the same ultimate holding company
Yantai Hejun Real Estate Development Co., Ltd.* 煙台和駿房地產開發有限公司	Controlled by the same ultimate holding company
Pingtian Lanxin Property Co., Ltd.* 平潭藍馨置業有限公司	Controlled by the same ultimate holding company
Yantai Xinchao Haixing Property Co., Ltd.* 煙台新潮海興置業有限公司	Controlled by the same ultimate holding company
Jiangyin Tianjian Property Co., Ltd.* 江陰天建置業有限公司	Controlled by the same ultimate holding company
Maoming Yecheng Real Estate Development Co., Ltd.* 茂名燁城房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Qingbaijiang Languang Hejun Property Co., Ltd.* 成都青白江藍光和駿置業有限公司	Controlled by the same ultimate holding company
Anhui Tuobaishi Property Co., Ltd.* 安徽拓佰仕置業有限公司	Controlled by the same ultimate holding company
Fengxian Languang Real Estate Development Co., Ltd.* 豐縣藍光地產開發有限公司	Controlled by the same ultimate holding company
Zhuhai Lankai Holding Co., Ltd.* 珠海藍凱控股有限公司	Controlled by the same ultimate holding company
Ji'an Hejun Kailong Real Estate Development Co., Ltd.* 吉安和駿鎧瀧房地產開發有限公司	Controlled by the same ultimate holding company
Wuhan Xinhongsen Real Estate Property Co., Ltd.* 武漢市新宏森地產置業有限公司	Controlled by the same ultimate holding company
Hengshui Hongmei Real Estate Development Co., Ltd.* 衡水紅美房地產開發有限公司	Controlled by the same ultimate holding company
Maoming Yukun Real Estate Development Co., Ltd.* 茂名煜坤房地產開發有限公司	Controlled by the same ultimate holding company
Sichuan Justbon Real Estate Marketing Agency Co., Ltd.* 四川嘉寶房地產行銷代理有限公司	Controlled by the same ultimate holding company
Yangzhou Hejun Property Co., Ltd.* 揚州和駿置業有限公司	Controlled by the same ultimate holding company
Maoming Shuocheng Real Estate Development Co., Ltd.* 茂名燦城房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Xindu Languang Hejun Property Co., Ltd.* 成都新都藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Qingyang Languang Hejun Property Co., Ltd.* 成都青羊藍光和駿置業有限公司	Controlled by the same ultimate holding company
Yunnan Languang Hejun Real Estate Development Co., Ltd.* 雲南藍光和駿房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Pixian Languang Hejun Real Estate Co., Ltd.* 成都郫縣藍光和駿置業有限公司	Controlled by the same ultimate holding company
Nanchong Hejun Real Estate Co., Ltd.* 南充和駿置業有限公司	Controlled by the same ultimate holding company
Chongqing Lanshi Real Estate Co., Ltd.* 重慶藍實置業有限公司	Controlled by the same ultimate holding company
Chengdu Qingyang Hejun Real Estate Co., Ltd.* 成都青羊和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Languang Hejun Property Co., Ltd.* 成都藍光和駿置業有限公司	Controlled by the same ultimate holding company
Sichuan Shuxin Investment Co., Ltd.* 四川蜀鑫投資有限公司	Controlled by the same ultimate holding company
Chengdu Chenghua Languang Real Estate Development Co., Ltd.* 成都成華藍光房地產開發有限公司	Controlled by the same ultimate holding company

Name	Relationship
Changsha Languang Hejun Property Co., Ltd.* 長沙藍光和駿置業有限公司	Controlled by the same ultimate holding company
Qingdao Languang Hejun Property Co., Ltd.* 青島藍光和駿置業有限公司	Controlled by the same ultimate holding company
Wuxi Languang Hejun Property Co., Ltd.* 無錫藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Wuhou Zhonghong Real Estate Development Co., Ltd.* 成都武侯中泓房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Wuhou Zhenghui Real Estate Development Co., Ltd.* ("Chengdu Wuhou") (Note (a)) 成都武侯正惠房地產開發有限公司	Controlled by the same ultimate holding company
Yunnan Baiyao Real Estate Co., Ltd.* 雲南白藥置業有限公司	Controlled by the same ultimate holding company
Beijing Xinghua Languang Real Estate Co., Ltd.* 北京星華藍光置業有限公司	Controlled by the same ultimate holding company
Chongqing Hejun Real Estate Co., Ltd.* 重慶和駿置業有限公司	Controlled by the same ultimate holding company
Chongqing Languang Real Estate Development Co., Ltd.* 重慶藍光房地產開發有限公司	Controlled by the same ultimate holding company
Wuhan Hejun Real Estate Co., Ltd.* 武漢和駿置業有限公司	Controlled by the same ultimate holding company
Suzhou Languang Hejun Property Co., Ltd.* 蘇州藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Dujiangyan Languang Hejun Property Co., Ltd.* 成都都江堰藍光和駿置業有限公司	Controlled by the same ultimate holding company
Hunan Ruiqi Real Estate Co., Ltd.* 湖南瑞琪置業有限公司	Controlled by the same ultimate holding company
Wuxi Languang Real Estate Co., Ltd.* 無錫藍光置業有限公司	Controlled by the same ultimate holding company
Suzhou Languang Real Estate Co., Ltd.* 蘇州藍光置業有限公司	Controlled by the same ultimate holding company
Xuzhou Languang Property Co., Ltd.* 徐州藍光置業有限公司	Controlled by the same ultimate holding company
Tianjin Languang Junjing Real Estate Development Co., Ltd.* 天津藍光駿景房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Chenghua Zhonghong Real Estate Development Co., Ltd.* 成都成華中泓房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Justbon Commercial Property Management Co., Ltd.* 成都嘉寶商業物業經營管理有限公司	Controlled by the same ultimate holding company
Chengdu Hexiang Industrial Co., Ltd.* 成都和祥實業有限公司	Controlled by the same ultimate holding company
Sichuan Justbon Real Estate Marketing Agency Co., Ltd.* 四川嘉寶房地產行銷代理有限公司	Controlled by the same ultimate holding company
Chengdu Justbon Commercial Property Management Co., Ltd.* Golden Hawaii Branch 成都嘉寶商業物業經營管理有限公司金色夏威夷分公司	Controlled by the same ultimate holding company
Nanjing Languang Hejun Property Co., Ltd.* 南京藍光和駿置業有限公司	Controlled by the same ultimate holding company
Nanchong Canrui Real Estate Co., Ltd.* 南充燦瑞置業有限公司	Controlled by the same ultimate holding company
Nanchong Languang Real Estate Co., Ltd.* 南充藍光房地產有限公司	Controlled by the same ultimate holding company
Nanchong Lanshi Real Estate Co., Ltd.* 南充藍光置業有限公司	Controlled by the same ultimate holding company
Nanchang Hejun Real Estate Development Co., Ltd.* 南昌和駿房地產開發有限公司	Controlled by the same ultimate holding company
Nanchang Languang Hejun Property Co., Ltd.* 南昌藍光和駿置業有限公司	Controlled by the same ultimate holding company
Nanchang Languang Real Estate Development Co., Ltd.* 南昌藍光房地產開發有限公司	Controlled by the same ultimate holding company
Shuangliu Languang Hejun Property Co., Ltd.* 雙流和駿置業有限公司	Controlled by the same ultimate holding company
Hefei Languang Hejun Property Co., Ltd.* 合肥藍光和駿置業有限公司	Controlled by the same ultimate holding company



Name	Relationship
Hefei Languang Hongjing Real Estate Co., Ltd.* 合肥藍光宏景置業有限公司	Controlled by the same ultimate holding company
Hefei Languang Real Estate Development Co., Ltd.* 合肥藍光房地產開發有限公司	Controlled by the same ultimate holding company
Chongqing Zhenghui Real Estate Co., Ltd.* 重慶正惠置業有限公司	Controlled by the same ultimate holding company
Chongqing Canrui Real Estate Co., Ltd.* 重慶燦瑞置業有限公司	Controlled by the same ultimate holding company
Chongqing Weikun Real Estate Co., Ltd.* 重慶燦坤置業有限公司	Controlled by the same ultimate holding company
Chengdu Huangjinzhou Real Estate Development Co., Ltd.* 成都黃金洲房地產開發有限公司	Controlled by the same ultimate holding company
Qingdao Languang Real Estate Development Co., Ltd.* 青島藍光房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Yuanlai Real Estate Development Co., Ltd.* 成都遠來房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Pixian Hejun Property Co., Ltd.* 成都郫縣和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Jinniu Zhenghui Real Estate Development Co., Ltd.* 成都金牛正惠房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Jingu Landscape Engineering Co., Ltd.* 成都金谷景觀工程有限公司	Controlled by the same ultimate holding company
Chengdu Qingyang Zhenghui Real Estate Development Co., Ltd.* 成都青羊正惠房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Gaoxin Hejun Property Co., Ltd.* 成都高新和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Longquanyi Languang Hejun Property Co., Ltd.* 成都龍泉驛藍光和駿置業有限公司	Controlled by the same ultimate holding company
Wuxi Languang Real Estate Co., Ltd.* 無錫藍光置地有限公司	Controlled by the same ultimate holding company
Suzhou Hejun Property Co., Ltd.* 蘇州和駿置業有限公司	Controlled by the same ultimate holding company
Kunming Languang Real Estate Development Co., Ltd.* 昆明藍光房地產開發有限公司	Controlled by the same ultimate holding company
Kunming Changyi Real Estate Development Co., Ltd.* 昆明長頤房地產開發有限公司	Controlled by the same ultimate holding company
Wuhan Celebrity Era Real Estate Co., Ltd.* 武漢名流時代置業有限公司	Controlled by the same ultimate holding company
Wuxi Minfa Real Estate Development Co., Ltd.* 民發實業集團(無錫)房地產開發有限公司	Controlled by the same ultimate holding company
Suzhou Languang Real Estate Co., Ltd.* 蘇州藍光置地有限公司	Controlled by the same ultimate holding company
Xi'an Zhenghui Real Estate Development Co., Ltd.* 西安正惠房地產開發有限公司	Controlled by the same ultimate holding company
Xi'an Cancong Real Estate Co., Ltd.* 西安燦琮置業有限公司	Controlled by the same ultimate holding company
Xi'an Yikun Real Estate Co., Ltd.* 西安熠坤置業有限公司	Controlled by the same ultimate holding company
Chongqing Kunyu Enterprise Management Consulting Co., Ltd.* 重慶坤鈺企業管理諮詢有限公司	Controlled by the same ultimate holding company
Hefei Languang Shengjing Real Estate Co., Ltd.* 合肥藍光盛景置業有限公司	Controlled by the same ultimate holding company
Sichuan Languang Commercial Management Co., Ltd.* 四川藍光商業經營管理有限公司	Controlled by the same ultimate holding company
Tianjin Jiangyuhai Real Estate Co., Ltd.* 天津市江宇海匯房地產有限責任公司	Controlled by the same ultimate holding company
Tianjin Xiqing Forest Green Field Construction Engineering Co., Ltd.* 天津西青楊柳青森林綠野建築工程有限公司	Controlled by the same ultimate holding company
Anhui Meitaiguanghua Real Estate Co., Ltd.* 安徽美太光華置業有限公司	Controlled by the same ultimate holding company
Shanxi Baoyuanchang Real Estate Development Co., Ltd.* 山西保源昌房地產開發有限公司	Controlled by the same ultimate holding company



Name	Relationship
Emeishan Languang Cultural Tourism Real Estate Co., Ltd.* 峨眉山藍光文化旅遊置業有限公司	Controlled by the same ultimate holding company
Chengdu Chenghuazhenghui Real Estate Development Co., Ltd.* 成都成華正惠房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Chenghuacancong Real Estate Co., Ltd.* 成都成華燦琮置業有限公司	Controlled by the same ultimate holding company
Chengdu Xindulanguang Real Estate Development Co., Ltd.* 成都新都藍光房地產開發有限公司	Controlled by the same ultimate holding company
Sichuan Xingchuan Investment Co., Ltd.* ("Sichuan Xingchuan") (Note (b)) 四川興川投資有限公司	Controlled by the same ultimate holding company
Shandong Jiazhou Real Estate Co., Ltd.* 山東嘉州置地有限公司	Controlled by the same ultimate holding company
Chengdu Wuhoujufeng Real Estate Co., Ltd.* 成都武侯炬峰置業有限公司	Controlled by the same ultimate holding company
Chengdu Wuhoulanguang Real Estate Development Co., Ltd.* 成都武侯藍光房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Hairun Real Estate Co., Ltd.* 成都海潤置業有限公司	Controlled by the same ultimate holding company
Chengdu Yuming Decoration Engineering Co., Ltd.* 成都煜明裝飾工程有限公司	Controlled by the same ultimate holding company
Chengdu Ruina Investment Co., Ltd.* 成都瑞納投資有限公司	Controlled by the same ultimate holding company
Chengdu Languang Cultural Tourism Development Co., Ltd.* 成都藍光文化旅遊開發有限公司	Controlled by the same ultimate holding company
Languang Investment Holding Co., Ltd.* 藍光投資控股集團有限公司	Controlled by the same ultimate holding company
Rugao Zhaoji Real Estate Co., Ltd.* 如皋市兆基置業有限公司	Controlled by the same ultimate holding company
Kunming Languangdianchi Cultural Tourism Development Co., Ltd.* 昆明藍光滇池文化旅遊發展有限公司	Controlled by the same ultimate holding company
Kunming Languangyunbao Real Estate Co., Ltd.* 昆明藍光雲報置業有限公司	Controlled by the same ultimate holding company
Huaxi Hejunyaocheng Real Estate (Luzhou) Co., Ltd.* 華西和駿耀城置業(瀘州)有限公司	Controlled by the same ultimate holding company
Yuyao Huanheng Real Estate Co., Ltd.* 余姚市環恒置業有限公司	Controlled by the same ultimate holding company
Shengzhou Languangzhixin Real Estate Co., Ltd.* 嵊州藍光置信置業有限公司	Controlled by the same ultimate holding company
Ziyang Chuanmian Educational Real Estate Development Co., Ltd.* 資陽市川綿教育房地產開發有限公司	Controlled by the same ultimate holding company
Huzhou Languanghejun Real Estate Co., Ltd.* 湖州藍光和駿置業有限公司	Controlled by the same ultimate holding company
Shanxi JiYu Industrial Co., Ltd.* 陝西基煜實業有限公司	Controlled by the same ultimate holding company
Nanchang Yecheng Real Estate Development Co., Ltd.* 南昌燁城房地產開發有限公司	Controlled by the same ultimate holding company
Sichuan Languang Ecological Environment Industry Co., Ltd.* 四川藍光生態環境產業有限公司	Controlled by the same ultimate holding company
Sichuan Languang Engineering Consulting and Design Co., Ltd.* 四川藍光工程諮詢設計有限公司	Controlled by the same ultimate holding company
Chengdu Languang Ecological Gardening Engineering Co., Ltd.* 成都藍光生態園林工程有限公司	Controlled by the same ultimate holding company
Chengdu Languang Green Decoration Engineering Co., Ltd.* 成都藍光綠色裝飾工程有限公司	Controlled by the same ultimate holding company
Sichuan Lanben Engineering Design Co., Ltd.* 四川藍本工程設計有限公司	Controlled by the same ultimate holding company

Name	Relationship
Sichuan Languangyouju Technology Co., Ltd.* (Formerly known as Sichuan Languangyouju Housing Industry Co., Ltd.)* 四川藍光優居科技有限公司 (Formerly known as 四川藍光優居家居產業有限公司)	Controlled by the same ultimate holding company
Sichuan Languang Cultural Tourism Industry Co., Ltd.* 四川藍光文化旅遊產業有限公司	Controlled by the same ultimate holding company
Sichuan Zhixin Commercial Tourism Real Estate Co., Ltd.* 四川置信商業旅遊地產有限公司	Controlled by the same ultimate holding company
Chengdu Languanghejun Industrial Co., Ltd.* 成都藍光和駿實業有限公司	Controlled by the same ultimate holding company
Shanxi Baoyuanchang Real Estate Development Co., Ltd.* 山西保源昌房地產開發有限公司	Controlled by the same ultimate holding company
Emeishan Languang Cultural Tourism Property Co., Ltd. Jizhuang Hotel* 峨眉山藍光文化旅遊置業有限公司己莊酒店	Controlled by the same ultimate holding company
Chengdu Zhonghong Real Estate Development Co., Ltd.* 成都中泓房地產開發有限公司	Controlled by the same ultimate holding company
Shengzhou Languang Real Estate Co., Ltd.* 嵯州藍光置業有限公司	Controlled by the same ultimate holding company
Sichuan Languanghejun Industrial Holding Co., Ltd.* 四川藍光和駿實業股份有限公司	Controlled by the same ultimate holding company
Sichuan Languanghejun Real Estate Co., Ltd.* 四川藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Chenghuazhonghong Real Estate Co., Ltd.* 成都成華中泓房地產有限公司	Controlled by the same ultimate holding company
Chengdu Chenghualanguang Real Estate Co., Ltd.* 成都成華藍光房地產有限公司	Controlled by the same ultimate holding company
Chengdu Wuhouzhonghong Real Estate Development Co., Ltd.* 成都武侯中鴻房地產開發有限公司	Controlled by the same ultimate holding company
Languanghejun Industrial Co., Ltd.* 藍光和駿實業有限公司	Controlled by the same ultimate holding company
Chengdu Qionglai Hejun Real Estate Co., Ltd.* 成都邛崃和駿置業有限公司	Controlled by the same ultimate holding company
Zhangjiakou Languang Shengyuan Real Estate Co., Ltd.* 張家口藍光聖源房地產有限責任公司	Controlled by the same ultimate holding company
Sichuan Jizhuang Hotel Management Co., Ltd.* 四川己莊酒店管理有限公司	Controlled by the same ultimate holding company
Qingzhen Runhong Real Estate Development Co., Ltd.* 清鎮潤弘房地產開發有限公司	Controlled by the same ultimate holding company
Qingdao Gengchen Huangdao Automobile Industry Co., Ltd.* 青島庚辰黃島汽車產業有限公司	Controlled by the same ultimate holding company
Luohe Liuyuan Real Estate Co., Ltd.* 漯河市鑾源置業有限公司	Controlled by the same ultimate holding company
Luoyang Haode Anlan Real Estate Co., Ltd.* 洛陽浩德安瀾置業有限公司	Controlled by the same ultimate holding company
Luzhou Jinlan Real Estate Development Co., Ltd.* 瀘州錦瀾房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Jujin Trading Co., Ltd.* 成都聚錦商貿有限公司	Controlled by the same ultimate holding company
Xi'an Pinnuo Real Estate Co., Ltd.* 西安品諾實業有限公司	Controlled by the same ultimate holding company
Xuzhou Languang Real Estate Co., Ltd.* 徐州藍光置業有限公司	Controlled by the same ultimate holding company
Nanchong Huangfeng Real Estate Co., Ltd.* 南充煌峰置業有限公司	Controlled by the same ultimate holding company
Huizhou Hesheng Real Estate Co., Ltd.* ("Huizhou Hesheng") <sup>(c)</sup> 惠州市和勝置業有限公司	Controlled by the same ultimate holding company
Baoji Dingfeng Property Co., Ltd.* ("Baoji Dingfeng") <sup>(d)</sup> 寶雞鼎豐置業有限公司	Controlled by the same ultimate holding company
Huizhou Languanghejun Real Estate Co., Ltd.* 惠州藍光和駿置業有限公司	Controlled by the same ultimate holding company
Xi'an Jukun Real Estate Development Co., Ltd.* 西安炬坤房地產開發有限公司	Controlled by the same ultimate holding company

Name	Relationship
Chengdu Jinjiang Cancong Real Estate Co., Ltd.* 成都錦江燦琮置業有限公司	Controlled by the same ultimate holding company
Chongqing Xinshenjia Real Estate Co., Ltd.* 重慶新申佳實業有限公司	Joint venture of Languang Development
Renshou Xinghe Real Estate Co., Ltd.* 仁壽興合置業有限公司	Joint venture of Languang Development
Nantong Jinlong Property Co., Ltd.* 南通錦隆置業有限公司	Associate of Languang Development
Henan Huazhili Real Estate Co., Ltd.* 河南華之麗實業有限公司	Associate of Languang Development

\* 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.

- (a) Chengdu Wuhou was controlled by Languang Development before disposal to a third-party entity on April 1, 2017.
- (b) Sichuan Xingchuan was controlled by Languang Development before disposal to a third-party entity on January 8, 2018.
- (c) Huizhou Hesheng was formerly a joint venture of Languang Development and then controlled by Languang Development on April 18, 2019.
- (d) Baoji Dingfeng was formerly a joint venture of Languang Development and then controlled by Languang Development on February 21, 2019.
- (b) Transactions with related parties

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Provision of services					
— The ultimate holding company . . .	—	12	—	—	—
— Parent company . . . . .	13,010	28,353	24,072	18,779	10,761
— Controlled by the same ultimate holding company . . . . .	201,030	237,923	294,288	100,818	188,121
— Associates of Languang Development . . . . .	—	—	—	—	633
— Joint ventures of Languang Development . . . . .	—	3,477	4,568	1,354	3,591
	214,040	269,765	322,928	120,951	203,106
Purchase of goods and services					
— Controlled by the same ultimate holding company . . . . .	44	586	2,290	53	1,317
Short-term lease expenses					
— Parent company . . . . .	2,822	1,888	658	4,322	966
— Controlled by the same ultimate holding company . . . . .	12,480	19,668	14,330	5,956	9,431
	15,302	21,556	14,988	10,278	10,397
Addition of right-of-use assets					
— The ultimate holding company . .	7,611	—	—	—	—
Interest expenses for lease liabilities					
— The ultimate holding company . .	354	326	283	149	118
Payments of lease liabilities					
— The ultimate holding company . .	514	682	1,280	633	805

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.

# APPENDIX I

# ACCOUNTANT'S REPORT

## (c) Key management compensation

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

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries and other short-term employee benefits . . . . .	2,881	4,149	3,302	2,002	5,713

## (d) Balances with related parties

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
— The ultimate holding company . . . . .	558	247	1,325	1,325
— Parent company . . . . .	—	—	6,706	6,131
— Controlled by the same ultimate holding company . . . . .	51,900	172,347	175,834	85,797
— Joint ventures of Languang Development . . . . .	—	3,355	1,975	2,703
— Associates of Languang Development . . . . .	—	—	276	301
	52,458	175,949	186,116	96,257
Other receivables (Note (i))				
— Controlled by the same ultimate holding company . . . . .	—	—	1,629	1,001
Prepayments				
— Controlled by the same ultimate holding company . . . . .	—	—	598	200
— Associate of Languang Development . . . . .	—	—	75	—
	—	—	673	200
Trade payables				
— Parent company . . . . .	—	—	—	111
— Controlled by the same ultimate holding company . . . . .	600	960	234	4,127
	600	960	234	4,238
Other payables (Note (ii))				
— The ultimate holding company . . . . .	—	—	1,119	2,043
— Intermediate holding company . . . . .	—	—	29	29
— Parent company . . . . .	46,524	71,508	45,307	13,068
— Controlled by the same ultimate holding company . . . . .	206	204	6,841	299
	46,730	71,712	53,296	15,439
Contract liabilities				
— Parent company . . . . .	6,285	13,765	—	7
— Controlled by the same ultimate holding company . . . . .	20,613	8,328	—	18,056
— Joint ventures of Languang Development . . . . .	—	—	—	12
	26,898	22,093	—	18,075
Lease liabilities				
— The ultimate holding company . . . . .	7,097	6,415	5,135	4,329

Above trade receivables, prepayments, trade payables and contract liabilities due from/to related parties are trade in nature, while the other receivables and other payables due from/to related parties are non-trade in nature.

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

- (i) Amounts represented 1) bottle deposits of bottled pure water purchased from Languang Development and related entities, which will be collected upon the termination of purchase contracts; and 2) payments of expenses by the Group on behalf of Languang Development and related entities for certain projects to which the Group provided services, which are interest-free and repayable on demand.
- (ii) Amounts represented rental payments collected by the Group on behalf of Languang Development and related entities, which are interest-free and periodically settled as mutually agreed with Languang Development and related entities.

### 34 Directors' and supervisors' benefits and interests

- (a) Directors' and supervisors' emoluments

The directors and supervisors received emoluments from the Group for the six months ended June 30, 2019 as follows:

Name	Fees	Salaries	Housing allowance and contributions to a retirement benefit scheme	Other allowance and benefits in kind	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive Directors</b>					
Mr. Yao Min (Note (v)) . . . . .	40	515	31	3,737	4,323
Mr. Wu Gang (Note (i) (v)) . . . . .	40	461	31	1,014	1,546
Mr. Chen Jingchao (Note ((i) (v)) . . . . .	40	523	31	1,004	1,598
<b>Non-executive Directors</b>					
Mr. Meng Hongwei (Note (i) (iii)) . . . . .	40	—	—	—	40
Mr. Zhang Qiaolong (Note (i) (iii)) . . . . .	40	—	—	—	40
Mr. Pu Hong (Note (i) (iii)) . . . . .	40	—	—	—	40
<b>Independent Non-executive Directors</b>					
Mr. Li Shujian (Note (ii)) . . . . .	150	—	—	—	150
Mr. Chan Shing Yee, Joseph (Note (ii)) . . . . .	150	—	—	—	150
Mr. Zhang Shouwen (Note (ii)) . . . . .	150	—	—	—	150
<b>Supervisors</b>					
Mr. Liu Jiang (Note (iv)) . . . . .	20	308	19	—	347
Mr. Zhao Yang (Note (iv)) . . . . .	20	251	18	—	289
Mr. Xu Qingshan (Note (iv)) . . . . .	50	—	—	—	50
Mr. Zhao Jinxu (Note (iv)) . . . . .	50	—	—	—	50
Ms. Wang Xiaoying (Note (iii)) . . . . .	20	—	—	—	20
	<u>850</u>	<u>2,058</u>	<u>130</u>	<u>5,755</u>	<u>8,793</u>

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# ACCOUNTANT'S REPORT

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the six months ended June 30, 2018 as follows:

Name	Fees	Salaries	Housing allowance and contributions to a retirement benefit scheme	Other allowance and benefits in kind	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Directors</b>					
Mr. Yao Min (Note (v)) . . . . .	—	486	31	—	517
Mr. Chen Jingchao (Note ((i) (v)) . . . . .	—	503	31	—	534
Mr. Lv Zhenggang (Note (i) (iii)) . . . . .	—	—	—	—	—
Mr. Zhang Qiaolong (Note (i) (iii)) . . . . .	—	—	—	—	—
Mr. Li Gaofei (Note (i) (iii)) . . . . .	—	—	—	—	—
<b>Supervisors</b>					
Ms. Li Lijuan (Note (iv) (v)) . . . . .	—	593	31	—	624
Mr. Zhao Yang (Note (iv)) . . . . .	—	163	18	—	181
Ms. Wang Xiaoying (Note (iii)) . . . . .	—	—	—	—	—
	—	1,745	111	—	1,856

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended December 31, 2018 as follows:

Name	Fees	Salaries	Housing allowance and contributions to a retirement benefit scheme	Other allowance and benefits in kind	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive Directors</b>					
Mr. Yao Min (Note (v)) . . . . .	8	1,356	64	1,246	2,674
Mr. Wu Gang (Note (i) (v)) . . . . .	8	1,056	64	338	1,466
Mr. Chen Jingchao (Note ((i) (v)) . . . . .	8	1,098	64	335	1,505
<b>Non-executive Directors</b>					
Mr. Meng Hongwei (Note (i) (iii)) . . . . .	—	—	—	—	—
Mr. Zhang Qiaolong (Note (i) (iii)) . . . . .	—	—	—	—	—
Mr. Pu Hong (Note (i) (iii)) . . . . .	—	—	—	—	—
<b>Independent Non-executive Directors</b>					
Mr. Li Shujian (Note (ii)) . . . . .	32	—	—	—	32
Mr. Chan Shing Yee, Joseph (Note (ii)) . . . . .	32	—	—	—	32
Mr. Zhang Shouwen (Note (ii)) . . . . .	32	—	—	—	32
<b>Supervisors</b>					
Ms. Li Lijuan (Note (iv) (v)) . . . . .	—	1,310	64	328	1,702
Mr. Liu Jiang (Note (iv)) . . . . .	4	211	6	—	221
Mr. Zhao Yang (Note (iv)) . . . . .	4	512	36	—	552
Mr. Xu Qingshan (Note (iv)) . . . . .	11	—	—	—	11
Mr. Zhao Jinxu (Note (iv)) . . . . .	11	—	—	—	11
Ms. Wang Xiaoying (Note (iii)) . . . . .	—	—	—	—	—
	150	5,543	298	2,247	8,238

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended December 31, 2017 as follows:

			Housing allowance and contributions to a retirement benefit scheme	
Name	Fees	Salaries		Total
	RMB'000	RMB'000	RMB'000	RMB'000
Directors				
Mr. Yao Min . . . . .	—	1,157	58	1,215
Mr. Wu Zhongchuang (Note (i)) . . . . .	—	735	28	763
Mr. Liu Chuan (Note (i)) . . . . .	—	373	36	409
Mr. Lv Zhenggang (Note (i) (iii)) . . . . .	—	—	—	—
Mr. Zhang Qiaolong (Note (i) (iii)) . . . . .	—	—	—	—
Mr. Luo Geng (Note (i) (iii)) . . . . .	—	—	—	—
Mr. Li Gaofei (Note (i) (iii)) . . . . .	—	—	—	—
Supervisors				
Ms. Li Lijuan (Note (iv)) . . . . .	—	1,278	55	1,333
Mr. Zhao Yang (Note (iv)) . . . . .	—	306	26	332
Ms. Jiang Hui (Note (iv)). . . . .	—	121	9	130
Ms. Wang Xiaoying (Note (iii)) . . . . .	—	—	—	—
	—	3,970	212	4,182

The directors and supervisors received emoluments from the Group (in their role as senior management and employee before their appointment as directors and supervisors respectively) for the year ended December 31, 2016 as follows:

			Housing allowance and contributions to a retirement benefit scheme	
Name	Fees	Salaries		Total
	RMB'000	RMB'000	RMB'000	RMB'000
Directors				
Mr. Yao Min	—	1,046	53	1,099
Mr. Liu Chuan (Note (i))	—	574	43	617
Mr. Zhou Youbo (Note (i))	—	331	22	353
Mr. Pu Hong (Note (i) (iii))	—	—	—	—
Mr. Zhang Zhicheng (Note (i) (iii))	—	—	—	—
Mr. Lv Zhenggang (Note (i) (iii))	—	—	—	—
Mr. Zhang Qiaolong (Note (i) (iii))	—	—	—	—
Mr. Luo Geng (Note (i) (iii))	—	—	—	—
Supervisors				
Ms. Jiang Hui (Note (iv))	—	495	25	520
Ms. Wei Ling (Note (iv))	—	396	22	418
Ms. Li Lijuan (Note (iv))	—	143	9	152
Ms. Wang Xiaoying (Note (iii))	—	—	—	—
	—	2,985	174	3,159

- (i) In September 2016, Mr. Zhou Youbo, Mr. Pu Hong and Mr. Zhang Zhicheng resigned from their positions as directors, and Mr. Zhang Qiaolong, Mr. Luo Geng and Mr. Liu Chuan were appointed as directors. In May 2017, Mr. Luo Geng resigned from his position as director and Mr. Li Gaofei was appointed as director. In July 2017, Mr. Liu Chuan resigned from his position as director and Mr. Wu Zhongchuang was appointed as director. In January 2018, Mr. Wu Zhongchuang resigned from his position as director and Mr. Chen Jingchao was appointed as director. In August 2018, Mr. Lv Zhenggang and Mr. Li Gaofei resigned from their positions as directors. In November 2018, Mr. Wu Gang, Mr. Meng Hongwei and Mr. Pu Hong were appointed as director.
- (ii) In November 2018, Mr. Li Shujian, Mr. Chan Shing Yee, Joseph and Mr. Zhang Shouwen were appointed as independent non-executive directors.



- (iii) The directors, Mr. Pu Hong, Mr. Zhang Zhicheng, Mr. Lv Zhenggang, Mr. Zhang Qiaolong, Mr. Luo Geng, Mr. Meng Hongwei, Mr. Li Gaofei and the supervisor, Ms. Wang Xiaoying did not receive any emoluments from the Group and received emoluments totaling RMB9,804,000, RMB8,261,000 and RMB7,112,000, during the years ended December 31, 2016, 2017 and 2018, and RMB2,589,000 and RMB4,217,000 during the six months ended June 30, 2018 and 2019 respectively, which were borne by related parties of the Group.
- (iv) In November 2016, Ms. Wei Ling resigned from her position as supervisor and Ms. Li Lijuan was appointed as supervisor. In March 2017, Ms. Jiang Hui resigned from her position as supervisor and Mr. Zhao Yang served as supervisor. In November 2018, Mr. Liu Jiang, Mr. Xu Qingshan and Mr. Zhao Jinxu were appointed as supervisors, and Ms. Li Lijuan was resigned from her position as supervisor.
- (v) In November 2018, the Company implemented the Share Incentive Plan, under which 11 Recipients including directors, supervisors, senior management and certain employees were entitled to indirectly make a subscription to Incentive Shares at Subscription Price (Note 23).
- (b) There were no retirement benefits paid to or receivable by directors during the Track Record Period by defined benefit pension plans operated by the Group.
- (c) There were no director's termination benefits subsisted during the Track Record Period.
- (d) There was no consideration provided to third parties for making available directors' services subsisted during the Track Record Period.
- (e) The directors, Mr. Zhang Zhicheng, Mr. Lv Zhenggang, Mr. Zhang Qiaolong, Mr. Luo Geng and Mr. Li Gaofei were directors of the Group's intermediate holding company Languang Development during the Track Record Period. Mr. Pu Hong was the director of the Group's intermediate holding company Languang Development in 2016 and was the director of the Group's parent company Languang Hejun in 2018. The supervisor, Ms. Wang Xiaoying was supervisor of the Group's intermediate holding company Languang Development during the Track Record Period. Above directors and supervisor have not received any emolument from the Group as they have received emolument from respective related parties and it is not practical to allocate the emolument to the Group. The Group's transactions with Languang Development and related entities are set out in Note 33.
- (f) During the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, 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 directors and supervisors.
- (g) During the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director or supervisor of the Company had interests, whether directly or indirectly, subsisted at the end of the Track Record Period or at any time during the Track Record Period.

### 35 Events after the balance sheet date

Save as disclosed elsewhere in this report, there is no subsequent event.

## III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2019 and up to the date of this report. Save as disclosed in Note 28 of Section II, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2019.

*The information set out in this Appendix II does not form part of the “Accountant’s Report” from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.*

*The unaudited pro forma financial information should be read in conjunction with the section entitled “Financial Information” in this prospectus and the “Accountant’s Report” set out in Appendix I to this prospectus.*

#### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis as set out on page II-1 for the purpose of illustrating the effect of the Global Offering on the net tangible assets of the Group attributable to owners of the Company as at June 30, 2019 as if the Global Offering had taken place on that date.

This unaudited pro forma adjusted net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Group had the Global Offering been completed as at June 30, 2019 or at any future date.

		Pro forma adjustment			
	Audited consolidated net tangible assets attributable to owners of the Company as at June 30, 2019 <sup>(1)</sup>	Estimated net proceeds from the Global Offering <sup>(2)</sup>	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as at June 30, 2019	Unaudited pro forma adjusted net tangible assets per Share	
	RMB'000	RMB'000	RMB'000	RMB <sup>(3)</sup>	HK\$ <sup>(4)</sup>
Based on an Offer Price of HK\$30.60 per H Share . . .	114,728	1,088,897	1,203,625	7.01	7.81
Based on an Offer Price of HK\$39.00 per H Share . . .	114,728	1,401,770	1,516,498	8.83	9.84

**Notes:**

- (1) The audited consolidated net tangible assets attributable to owners of the Company as at June 30, 2019 is extracted from the Accountant’s Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at June 30, 2019 of RMB412,706,000, with adjustments for other intangible assets and goodwill as at June 30, 2019 of RMB114,010,000 and RMB183,968,000, respectively.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$30.60 and HK\$39.00 per H Share after deduction of the estimated underwriting fees and other related expenses (excluding listing expenses of approximately RMB2,980,000 which have been accounted for in the consolidated statements of comprehensive income prior to June 30, 2019) payable by us, and takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 171,664,660 Shares were in issue assuming that the Global Offering has been completed on June 30, 2019 but takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option.
- (4) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balance stated in Renminbi are converted into Hong Kong dollars at the rate of RMB1.00 to HK\$1.1147. No representation is made that Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2019.

**B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Sichuan Languang Justbon Services Group Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sichuan Languang Justbon Services Group Co., Ltd. (the "Company", formerly known as Sichuan Justbon Property Management Group Co., Ltd.) and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at June 30, 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on page II-1 of the Company's prospectus dated October 8, 2019, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on page II-1.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at June 30, 2019 as if the proposed initial public offering had taken place at June 30, 2019. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended June 30, 2019, on which an accountant's report has been published.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at June 30, 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong  
October 8, 2019

This Appendix contains a summary of laws and regulations on companies and securities in the PRC, certain major differences between the PRC Company Law and Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance as well as the additional regulatory provisions of the Hong Kong Stock Exchange on joint stock limited companies of the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, please refer to section entitled “Regulatory Overview” in this prospectus.

### PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “**Legislation Law**”), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people’s congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.



The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the **"Supreme People's Court"**) has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

### PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (《中華人民共和國人民法院組織法》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organized into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organized into divisions similar to those of the primary people's courts, and are entitled to organize other courts as needed such as the intellectual property division.



The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system. A party may appeal against a judgment or order of a local people's court to the people's court at the next higher level. Second judgments or orders given at the next higher level are final. First judgments or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgment or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**"), which was adopted in 1991 and amended in 2007, 2012 and 2017, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

**THE COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS**

A joint stock limited company which is incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and March 1, 2014 respectively and the latest revision of which was implemented on October 26, 2018;
- The Special Regulations of the State Council on Share Offering and Listing Overseas by Joint-Stock Limited Liability Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (the “**Special Regulations**”) which were promulgated by the State Council on August 4, 1994 pursuant to Articles 85 and 155 of the Company Law in force at that time, and were applicable, to the overseas share subscription and listing of joint stock limited companies; and
- The Mandatory Provisions of Articles of Association of Companies Listing Overseas (《到境外上市公司章程必備條款》) (the “**Mandatory Provisions**”) which were issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on August 27, 1994, stating the mandatory provisions which must be incorporated into the articles of association of a joint stock limited company seeking an overseas listing. As such, the Mandatory Provisions are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled “Appendix VI – Summary of the Articles of Association” in this prospectus.

Set out below is a summary of the major provisions of the Company Law, the Special Regulations and the Mandatory Provisions applicable to the Company.

**General**

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A state-owned enterprise (“**SOE**”) that is reorganized into a joint stock limited company shall comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the disposal and valuation of the company’s assets and liabilities and the establishment of internal management organizations.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

**Incorporation**

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. According to the Special Regulations, SOEs or enterprises with the majority of their assets owned by the PRC government may be restructured into joint stock limited companies which may issue shares to overseas investors in accordance with the relevant regulations. These companies, if incorporated by promotion, may have less than five promoters and may issue new shares once incorporated.

According to the Securities Law of the PRC (《中華人民共和國證券法》) (the “**PRC Securities Law**”), the total share capital of a company seeking to list its shares on a stock exchange shall be no less than RMB30 million.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting. Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on this prospectus to ensure that this prospectus does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

**Share Capital**

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value. If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency. Under the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from the territories of Hong Kong, the Macau and Taiwan and listed overseas are known as overseas listed foreign invested shares, and those shares issued to investors within the PRC other than the territories specified above are known as Domestic Shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Specific provisions shall be specifically formulated by the China Securities Regulatory Commission (the “CSRC”). Under the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed foreign invested shares, to retain not more than 15% of the aggregate number of overseas listed foreign invested shares proposed to be issued after accounting for the number of underwritten shares.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

#### **Allotment and Issue of Shares**

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

A company shall obtain the approval of the CSRC to offer its shares to the overseas public. Under the Special Regulations, shares issued to foreign investors by joint stock limited companies and listed overseas are known as “overseas listed and foreign invested shares.” Shares issued to investors within the PRC by joint stock limited companies, which also issues overseas listed and foreign shares, are known as “domestic shares.” Upon approval of the securities regulatory authority of the State Council, a company issuing overseas listed and foreign invested shares in total shares determined by the issuance program may agree with underwriters in the underwriting agreement to retain not more than 15% of the aggregate number of overseas listed and foreign invested shares outside the underwritten amount. The issuance of the retained shares is deemed to be a part of this issuance.

**Registered Shares**

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Special Regulations, overseas listed and foreign invested shares issued shall be in registered form, denominated in Renminbi and subscribed for in a foreign currency. Domestic shares issued shall also be in registered form.

Under the Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

**Increase of Share Capital**

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders’ general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a prospectus and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

**Reduction of Share Capital**

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders’ general meeting;

- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of industry and commerce for the registration of the reduction in registered capital.

**Repurchase of Shares**

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; and (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting.

The purchase of shares on the grounds set out in (i) to (iii) above shall require approval by way of a resolution passed by the shareholders' general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be canceled within 10 days from the date of purchase in the case of (i) above and transferred or canceled within six months in the case of (ii) or (iv) above. Shares acquired in accordance with (iii) above shall not exceed 5% of the total number of the company's issued shares. Such acquisition shall be financed by funds appropriated from the company's profit after taxation, and the shares so acquired shall be transferred to the company's employees within one year.

**Transfer of Shares**

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail. Pursuant to the Mandatory Provisions, no modifications of registration in the share register caused by transfer of shares shall be carried out within 30 days prior to convening of shareholder's general meeting or five days prior to any base date for determination of dividend distributions.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.



**Shareholders**

Under the Company Law and the Mandatory Provisions, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquires on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held; in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

**Shareholders' General Meetings**

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors (other than the supervisor representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposed annual financial budget and final accounts;



- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting. Under the Special Regulations and the Mandatory Provisions, such notice shall be delivered to all the registered shareholders 45 days in advance to the meeting, and the matters to be considered and time and venue of the meeting shall be specified. The written reply of shareholders planning to attend the meeting shall be delivered to the company 20 days in advance of the meeting.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Special Regulations and the Mandatory Provisions, shareholder's general meeting may be convened where the number of voting shares held by the shareholders present at the meeting reaches one half or more of the company's total voting shares. If this is not attained, the company shall within five days notify the shareholders again of the matters to be considered and time and venue of the meeting to shareholders in the form of public announcement. The company may convene the shareholders' general meeting after such public announcement. Pursuant to the Mandatory Provisions, modification or abrogation of rights conferred to any class of shareholders shall be passed both by special resolution of shareholders' general meeting and by class meeting convened respectively by shareholders of the affected class.

Pursuant to the Special Regulations, where the company convenes annual shareholder's general meeting, shareholders holding more than 5% of voting shares have a right to submit to the company new proposals in writing, in which the matters falling within the scope of shareholder's general meeting shall be placed in the agenda of the meeting.

Under the Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Mandatory Provisions, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the issue of any types of shares, warrants or other similar securities; (iv) the issue of debentures; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

### **Board**

Under the Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director

shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

### **Board Meetings**

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

**Chairman of the Board**

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

**Qualification of Directors**

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances under which a person is disqualified from acting as a director are set out in the Mandatory Provisions.

**Board of Supervisors**

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene

and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management;
- other powers specified in the articles of association; and
- Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

### **Manager and Senior Management**

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to supervise the business and administration of the company and arrange for the implementation of resolutions of the board of directors;
- to arrange for the implementation of the company's annual business plans and investment proposals;

- to formulate the general administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person in charge of finance;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and
- to other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

#### **Duties of Directors, Supervisors and Senior Management**

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- loaning company funds to others or providing guarantees in favor of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;
- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;
- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.



**Finance and Accounting**

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

**Appointment and Retirement of Accounting Firms**

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.



The Special Regulations provide that a company shall employ an independent accounting firm complying with the relevant regulations of the State to audit its annual report and review and check other financial reports of the company. The accounting firm's term of office shall commence from their appointment at a shareholders' annual general meeting to the end of the next shareholders' annual general meeting.

**Distribution of Profits**

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn. Under the Mandatory Provisions, a company shall appoint receiving agents on behalf of holders of the overseas listed and foreign invested shares to receive on behalf of such shareholders dividends and other distributions payable in respect of their overseas listed and foreign invested shares.

**Amendments to Articles of Association**

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the company's approval department authorized by the State Council and the CSRC. In relation to matters involving the company's registration, its registration with the authority must also be changed.

**Dissolution and Liquidation**

According to the Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution. The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

**Overseas Listing**

According to the Special Regulations, a company shall obtain the approval of the CSRC to list its shares overseas. A company's plan to issue overseas listed and foreign invested shares and domestic shares which has been approved by the CSRC may be implemented by the board of directors of the company by way of separate issue within 15 months after approval is obtained from the CSRC.

**Loss of Share Certificates**

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate. A separate procedure regarding the loss of overseas listed and foreign invested share certificates is provided for in the Mandatory Provisions.

**Suspension and Termination of Listing**

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law stipulates that the trading of shares of a company on a stock exchange may be suspended if so decided by the stock exchange under one of the following circumstances:

- (i) the registered capital or shareholding distribution no longer complies with the necessary requirements for a listed company;
- (ii) the company failed to make public its financial position in accordance with the requirements or there is false information in the company's financial report with the possibility of misleading investors;
- (iii) the company has committed a major breach of the law;
- (iv) the company has incurred losses for three consecutive years; or
- (v) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the PRC Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (i) above, or the company has refused to rectify the situation in the case described in (ii) above, or the company fails to become profitable in the next subsequent year in the case described in (iv) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

**Merger and Demerger**

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

**SECURITIES LAW AND REGULATIONS**

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013 and August 31, 2014, respectively. This is the first national securities law in the PRC, which is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the PRC Securities Law provides that domestic enterprises shall obtain prior approval from the State Council's regulatory authorities to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

**ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS**

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “**Arbitration Law**”) was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

The Mandatory Provisions require an arbitration clause to be included in the articles of association of an issuer. Matters in arbitration include any disputes or claims in relation to the issuer's affairs or as a result of any rights or obligations arising under its articles of association, the Company Law or other relevant laws and administrative regulations.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, must comply with the arbitration. Disputes in respect of the definition of shareholder and disputes in relation to the issuer's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) ("**CIETAC**") in accordance with its rules or the Hong Kong International Arbitration center ("**HKIAC**") in accordance with its Securities Arbitration Rules (the "**Securities Arbitration Rules**"). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules. In accordance with the Arbitration Regulations of CIETAC (《中國國際經濟貿易仲裁委員會仲裁規則》) which was amended on November 4, 2014 and implemented on January 1, 2015, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, including disputes involving Hong Kong based on the agreement of the parties. The arbitration commission is established in Beijing and its branches and centers have been set up in Shenzhen, Shanghai, Tianjin and Chongqing.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.



An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

### **Judicial judgment and its enforcement**

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

### **Shanghai-Hong Kong Stock Connect**

On April 10, 2014, CSRC and Hong Kong Securities and Futures Commission (hereinafter referred to as "HKSF") issued the Joint Announcement of China Securities Regulatory Commission and Hong Kong Securities and Futures Commission – Principles that Should be Followed when the Pilot Program that Links the Stock Markets in Shanghai and Hong Kong is Expected to be Implemented and approved in principle the launch of the pilot program that links the stock markets in Shanghai and Hong Kong (《中國證券監督管理委員會香港證券及期貨事務監察委員會聯合公告 – 預期實行滬港股票市場交易互聯互通機制試點時將需遵循的原則》) (hereinafter referred to as "Shanghai-Hong Kong Stock Connect") by the Shanghai Stock Exchange (hereinafter referred to as "SSE"), the Stock Exchange, China Securities Depository and Clearing Co., Ltd. (hereinafter referred to as "CSDCC") and HKSCC. Shanghai-Hong Kong Stock Connect comprises the two portions of Northbound Trading Link and Southbound Trading Link. Southbound Trading Link refers to the entrustment of China securities houses by China investors to trade stocks listed on the Stock Exchange within a stipulated range via filing by the securities trading service company established by the SSE with the Stock Exchange. During the initial period of the pilot program, the stocks of Southbound Trading Link consist of constituent stocks of the Stock Exchange Hang Seng Composite Large Cap Index and the Hang Seng Composite MidCap Index as well as stocks of A+H stock companies concurrently listed on the Stock Exchange and the SSE. The total limit of Southbound Trading Link is RMB250 billion and the daily limit is RMB10.5 billion. During the initial period of the pilot program, it is required by HKSF that China investors participating in Southbound Trading Link are only limited to institutional investors and individual investors with a securities account and capital account balance of not less than RMB500,000.

On November 10, 2014, CSRC and HKSFC issued a Joint Announcement, approving the official launch of Shanghai-Hong Kong Stock Connect by SSE, the Stock Exchange, CSDCC and HKSCC. Pursuant to the Joint Announcement, trading of stocks under Shanghai-Hong Kong Stock Connect will commence on November 17, 2014.

On September 30, 2016, CSRC issued the Filing Provision on the Placement of Shares by Hong Kong Listed Companies with Domestic Original Shareholders under Southbound Trading Link (《關於港股通下香港上市公司向境內原股東配售股份的備案規定》) which came into effect on the same day. The act of the placement of shares by Hong Kong listed companies with domestic original shareholders under Southbound Trading Link shall be filed with CSRC. Hong Kong listed companies shall file the application materials and approved documents with CSRC after obtaining approval from the Stock Exchange for their share placement applications. CSRC will carry out supervision based on the approved opinion and conclusion of the Hong Kong side.

### **SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW**

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance and is supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Hong Kong Stock Exchange, we are governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

#### **Corporate Existence**

Under Hong Kong company law, a company with share capital, is incorporated by the Registrar of Companies in Hong Kong which issues a certificate of incorporation to the Company upon its incorporation and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain preemptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or public subscription.

Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company.

#### **Share Capital**

The Hong Kong company law does not provide for authorized share capital. The share capital of a Hong Kong company would be its issued share capital. The full proceeds of a share issue will be credited to share capital and becomes a company's share capital. The directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company. The PRC Company Law does not provide for authorized share capital, either. Our registered capital is the amount of our issued share capital. Any increase in our registered capital must be approved by our shareholders' general meeting and the relevant PRC governmental and regulatory authorities.



Under the PRC Securities Law, a company which is authorized by the relevant securities regulatory authority to list its shares on a stock exchange must have a total share capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or undervaluation of the assets. There is no such restriction on a Hong Kong company under Hong Kong Law.

### **Restrictions on Shareholding and Transfer of Shares**

Under PRC law, our Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for or traded by the State, PRC legal persons, natural persons, qualified foreign institutional investors, or eligible foreign strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors.

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in issue prior to our public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares in a joint stock limited liability company held by its directors, supervisors and managers and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares, as illustrated by the undertakings given by the Company and our controlling shareholder to the Hong Kong Stock Exchange.

### **Financial Assistance for Acquisition of Shares**

The PRC Company Law does not contain any provision for prohibiting or restricting a joint stock limited liability company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. The Mandatory Provisions contain certain restrictions on a company and its subsidiaries providing such financial assistance similar to those under the Companies Ordinance.

### **Variation of Class Rights**

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contains elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed in respect thereof. These provisions have been incorporated in the Articles of Association, which are summarized in the section headed "Appendix IV—Summary of Articles of Association".

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the passing of a special resolution by the shareholders of the relevant class at a separate meeting sanctioning the variation, (ii) with the written consent of shareholders representing at least three-fourths of the total voting rights of shareholders of the relevant class, or (iii) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions.

As required by the Listing Rules and the Mandatory Provisions, our company has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign invested shares and domestic shares are defined in the Articles of Association as different classes of shareholders, provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances: (i) with the approval by a special resolution at the general meeting, the Company issues Domestic Shares or overseas listed foreign shares alone or at the same time at each interval of twelve months and the number of the proposed Domestic Shares and overseas listed foreign shares does not exceed twenty percent of the respective outstanding shares of such class; (ii) the Company has made the plans to issue Domestic Shares or overseas listed foreign shares at the time of incorporation and the implementation of such plan has been completed within fifteen months from the date of approval by the Securities Commission of the State Council.

**Directors, Senior Management and Supervisors**

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and guarantees in respects of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain certain restrictions on major disposals and specify the circumstances under which a director may receive compensation for loss of office.

**Board of Supervisors**

Under the PRC Company Law, a joint stock limited company's directors and managers are subject to the supervision of a supervisors committee. There is no mandatory requirement for the establishment of a board of supervisors for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**Derivative Action by Minority Shareholders**

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their fiduciary obligations to a company, the shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the board of supervisors to initiate proceedings in the people's court. In the event that the board of supervisors violates their fiduciary obligations to a company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's

court. Upon receipt of such written request from the shareholders, if the board of supervisors or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the court in their own name.

The Mandatory Provisions provide further remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Hong Kong Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors in default.

**Protection of Minorities**

Under Hong Kong law, the company may be wound up by the court if the court considers that it is just and equitable to do so, in addition, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to make an appropriate order regulating the affairs of the company. Furthermore, under certain circumstances, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards.

The Mandatory Provisions, however, contain provisions that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of a proportion of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

**Notice of Shareholders' Meetings**

Under the PRC Company Law, notice of a shareholder's annual general meeting must be given not less than 20 days before the meeting. Under the Special Regulations and the Mandatory Provisions, at least 45 days' written notice must be given to all shareholders, and shareholders who wish to attend the meeting must reply in writing at least 20 days before the date of the meeting. For a company incorporated in Hong Kong, the notice period for an annual general meeting is at least 21 days and in any other case, at least 14 days for a limited company and at least 7 days for an unlimited company.

**Quorum for Shareholders' Meetings**

Under Hong Kong law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide. For companies with only one member, the quorum must be one member. The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that general meetings may only be convened when replies to the notice of that meeting have been received from shareholders whose shares represent at least 50% of the voting rights at least 20 days before the proposed date of the meeting, or if that 50% level is not achieved, the company shall within five days notify its shareholders again by way of a public announcement and the shareholders' general meeting may be held thereafter.

**Voting**

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting. Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights represented by the shareholders who attend the general meeting.

**Financial Disclosure**

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly offered must publish its financial report. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting. A joint stock limited liability company is required under the PRC law to prepare its financial statements in accordance with the PRC GAAP. The Mandatory Provisions require that a company must, in addition to preparing financial statements according to the PRC GAAP, have its financial statements prepared and audited in accordance with international or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC GAAP.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

**Information on Directors and Shareholders**

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

**Receiving Agent**

Under the PRC Company Law and Hong Kong law, dividends once declared are debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC law this limitation period is three years. The Mandatory Provisions require the relevant company to appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of shares dividends declared and all other monies owed by the company in respect of its shares.

**Corporate Reorganization**

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 and Section 674 of the Companies Ordinance, which requires the sanction of the court. Under PRC law, merger, division, dissolution or change to the status of a joint stock limited liability company has to be approved by shareholders in general meeting.

**Dispute Arbitration**

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other, may be resolved through legal proceedings in the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC, at the claimant's choice.

**Mandatory Deductions**

Under the PRC Company Law, a joint stock limited liability company is required to make transfers equivalent to certain prescribed percentages of its after tax profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

**Remedies of the Company**

Under the PRC Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

**Dividends**

The Company shall withhold, and pay to the relevant tax authorities, the PRC tax on any dividends or other distributions payable to a Shareholder. Under Hong Kong law, the limitation period for debt recovery action (including the recovery of dividends) is six years while that under PRC laws is three years.

**Fiduciary Duties**

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the Special Regulations, directors, supervisors are not permitted to engage in any activities which compete with or damage the interests of their company.

**Closure of Register of Shareholders**

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the PRC Company Law and the Mandatory Provisions, share transfers shall not be registered within 30 days before the date of a shareholders' meeting or within 5 days before the base date set for the purpose of distribution of dividends.

Any person wishing to have detailed advice on PRC law or the laws of any jurisdiction is recommended to seek independent legal advice.

This Appendix contains the summary of the principal provisions and subsequent amendments of the Articles of Association of our Company. As the main purpose of this appendix is to provide potential investors with an overview of the company's Articles of Association, it may not necessarily contain all the information that is important for investors.

**EFFECTIVE DATE OF THE ARTICLES OF ASSOCIATION**

Upon approval through a special resolution at the general meeting of the Company and by relevant state departments, the Articles of Association shall take effect on the date the overseas listed foreign shares issued by the Company are listed on the Mainboard of The Stock Exchange of Hong Kong Limited, and shall replace the previous Articles of Association of the Company filed at the competent administration for industry and commerce.

The Articles of Association will become a binding document that normalizes the organization and behavior of the Company and the right-duty relations between the Company and its shareholders and among the shareholders.

**SHARES AND REGISTERED CAPITAL**

The Company shall issue ordinary shares at all times. With the approval from authorities authorized by the State Council, the Company may issue other classes of shares when needed.

The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the same right.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; the same price shall be paid for each share subscribed for by any entities or individuals.

The shares of the Company shall be issued in the form of share certificates. All the shares issued by the Company shall have a nominal value, denominated in RMB, with each share having a nominal value of RMB1.00.

Both holders of domestic shares and foreign shares are ordinary shareholders and have the equal rights and obligations.

**INCREASE, DECREASE AND REPURCHASE OF SHARES****Increase of capital**

The Company may, based on its business and development needs and in accordance with the requirements of laws and regulations, increase its capital in the following manners upon resolutions being adopted respectively by the general meetings:

- (1) by issuing new shares to non-specified investors;
- (2) by issuing new shares to specified investors;
- (3) by placing or distributing new shares to its existing shareholders;
- (4) by capitalizing its capital reserves;
- (5) by other ways permitted by the laws, administrative regulations and pertinent regulatory authorities.



The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws and administrative regulations of the PRC.

**Reduction of capital**

The Company may reduce its registered capital.

In the event of reduction of registered capital, the Company shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date of the resolution in respect of registered capital reduction and publish an announcement in newspapers within thirty days from the date of the resolution. The creditors shall, within thirty days from the date of receiving the notice or within ninety days from the date of publication of the announcement (for those who do not receive the notice), have a right to require the Company to settle their debts or to offer corresponding guarantees for their settlement.

The registered capital of the Company after such reduction shall not be lower than the statutory minimum amount.

**Repurchase of shares**

Under the following circumstances, the Company may, according to the requirements of the laws, administrative regulations, departmental rules and the Articles of Association and obtaining the approval from relevant national competent authorities, repurchase its outstanding shares in accordance with statutory procedures:

- (1) reducing the Company's registered capital and cancelling shares;
- (2) merging with other companies which hold shares in the Company;
- (3) awarding shares to employees of the Company;
- (4) acquiring shares held by shareholders, who vote against any resolution proposed in any general meeting on the merger or division of the Company, upon their request;
- (5) other circumstances as permitted by laws and administrative regulations.

The Company may repurchase its shares in one of the following manners with the approval from relevant national competent authorities:

- (1) by making a pro rata general offer of repurchase to all shareholders;
- (2) by repurchasing shares through public trading on a stock exchange;
- (3) by repurchasing shares through an off-market agreement;
- (4) by other means as permitted by laws, regulations, rules, normative documents and relevant competent authorities.

Where the Company repurchases its shares through an off-market agreement, it shall seek approval of the general meeting in accordance with the Articles of Association. The Company may terminate or amend an agreement entered into in the aforementioned manner or waive any of its rights thereunder with prior approval of the general meeting obtained in the same manner.

The agreement for the share repurchase referred to in the preceding paragraphs includes (but not limited to) agreements assuming obligations of share repurchase and acquiring the rights of the shares repurchased.

The Company shall not transfer an agreement for repurchasing its own shares or any of its rights thereunder.

With regard to the redeemable shares that the Company has the right to repurchase, if they are not repurchased on the market or by way of tender, the prices of these shares shall not exceed certain maximum price; if they are repurchased by way of tender, the tenders shall be available and proposed to all shareholders in the same manner.

After the shares are acquired by the Company pursuant to the requirements, the Company shall cancel such shares within the period prescribed by laws and administrative regulations, and shall apply to the original company registration authority for registration of the change in the registered capital.

The amount of our registered share capital shall be reduced by the aggregate nominal value of those cancelled shares.

Unless the Company is under liquidation, it shall comply with the following provisions in respect of the repurchase of its outstanding shares:

- (1) where the Company repurchases its shares at nominal value, the amount thereof shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of a new issue of shares made for the repurchase of shares;
- (2) where the Company repurchases its shares at a price higher than nominal value, the portion corresponding to the nominal value shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of a new issue of shares made for the repurchase of shares. The portion in excess of the nominal value shall be handled as follows:
  1. if the shares repurchased were issued at nominal value, payment shall be deducted from the book balance of the distributable profits of the Company;
  2. if the shares repurchased were issued at a price higher than their nominal value, payment shall be deducted from the book balance of the distributable profits of the Company and from the proceeds of a new issue of shares made for the repurchase of shares, provided that the amount deducted from the proceeds of the new issue of shares shall not be more than the aggregate of premiums received by the Company at the time of the issue of the shares repurchased nor shall it be more than the amount of the Company's capital common reserve account (including the premiums on the new issue of shares) at the time of such repurchase;
- (3) payment by the Company for the following purposes shall be paid out of the Company's distributable profits:
  1. acquisition of rights to repurchase shares of the Company;
  2. modification of any agreement for repurchasing shares of the Company;
  3. release the Company's obligations under any agreement for repurchasing its shares.

- (4) after the aggregate nominal value of the cancelled shares has been deducted from the registered capital of the Company in accordance with the relevant requirements, the amount deducted from the distributable profits for payment for repurchasing shares at their nominal value shall be accounted for in the Company's capital common reserve account.

Where the laws, regulations and relevant requirements of the Securities Regulatory Authorities in the place where the Company's shares are listed contain any other provisions in respect of the accounting treatment related to the aforementioned share repurchases, such provisions shall prevail.

### **Transfer of shares**

All fully paid overseas listed foreign shares listed on the Hong Kong Stock Exchange may be transferred freely in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without any reasons unless the following conditions are satisfied:

- (1) the instrument of transfer and any other documents related to or affecting the title of any shares shall be registered, and payment shall be made to the Company for such registration according to the standard charges stipulated by the Hong Kong Listing Rules, and such payment shall not exceed the maximum amount stipulated by the Hong Kong Listing Rules from time to time;
- (2) the instrument of transfer only relates to the overseas listed foreign shares listed on the Hong Kong Stock Exchange;
- (3) the stamp duty required by the laws of Hong Kong for the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares shall be provided;
- (5) if the shares are to be transferred to joint holders, the number of joint shareholders registered shall not exceed four;
- (6) the relevant shares are free from all liens of the Company;
- (7) no shares shall be transferred to a minor or a person of unsound mind or under other legal disability.

If the Board of Directors refuses to register the transfer of shares, a notice of the rejection of registration of such transfer of shares shall be issued to the transferor and the transferee within two months upon the duly submission of transfer application.

The shares of the Company held by the promoters shall not be transferred within one year after the incorporation of the Company. Shares already issued by the Company before public offering shall not be transferred within one year after the shares of the Company are listed and traded on the stock exchange.

The directors, supervisors and senior management of the Company shall report to the Company their shareholdings and changes thereof and shall not transfer more than twenty-five percent of the total number of their shares in the Company per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed and traded. The aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

**Financial assistance for purchase of the Company's shares**

The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers of the Company's shares include persons directly or indirectly undertaking obligations due to purchase of the Company's shares.

The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The acts listed below shall not be regarded as the acts prohibited:

- (1) the Company provides the relevant financial assistance in the interests of the Company in good faith, and the primary purpose of the said financial assistance is not to purchase the Company's shares, or the said financial assistance is part of a master plan of the Company;
- (2) the Company distributes its assets as dividends in accordance with the laws;
- (3) the Company distributes dividends in the form of shares;
- (4) the Company reduces its registered capital, repurchases its shares and adjusts the equity structure in accordance with the Articles of Association;
- (5) the Company provides a loan for its normal business operations within its business scope (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company);
- (6) the Company provides the funding for employee share scheme (provided that such financial assistance shall not result in a reduction in the net assets of the Company, or in the event of such reduction, such financial assistance is provided out of the distributable profits of the Company).

"Financial assistance" includes (but not limited to) the following ways:

- (1) gift;
- (2) guarantee (including the undertaking of liability or provisions of property by the guarantor in order to guarantee the performance of the obligation by the obligor), indemnity (excluding, however, indemnity arising from the Company's own fault) and termination or waiver of rights;
- (3) provision of a loan or signing of a contract under which the obligations of the Company are to be fulfilled prior to the fulfillment of the obligations of the other party to the contract, and a change in the party to such loan or agreement as well as the assignment of rights under such loan or contract;
- (4) financial assistance provided in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company's net assets.

For the purposes of the Articles of Association, the term "undertake obligations" shall include the undertaking of an obligation by the obligor by entering into a contract or making an arrangement, whether or not such contract or arrangement is enforceable and whether or not such obligation is assumed by the obligor individually or jointly with any other person, or by changing its financial position in any other way.

**SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS****Share certificates**

The share certificates of the Company shall be in registered form.

The following shall be specified in the Company's share certificates:

- (1) the name of the Company;
- (2) the date on which the Company was established;
- (3) the class and par value of the shares and the number of shares represented;
- (4) the serial number of the share certificates;
- (5) other matters needed to be specified as required by the Company Law, the Special Regulations and the securities regulatory authorities of the place where the Company's shares are listed;
- (6) where the equity of the Company includes shares without voting rights, the words "non-voting shares" must appear in the designation of such shares;
- (7) where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting" or "limited voting".

The overseas listed foreign shares issued by the Company may take the form of overseas depository receipt or other derivative forms of share certificate in accordance with laws and securities registration and depository practice of the place where the Company's shares are listed.

The share certificates shall be signed by the Chairman of the Board. Where the signatures of other senior management of the Company are required by the stock exchange(s) where the Company's shares are listed, the share certificates shall also be signed by such other senior management. The share certificates shall become valid after the Company seal is affixed thereto or imprinted thereon. The affixing of the Company seal to the share certificates shall be authorized by the Board. The signature of the Chairman of the Board or such other senior management of the Company on the share certificates may also be in printed form. In case of paperless issuance and trading of the shares of the Company, provisions otherwise provided by the Securities Regulatory Authorities, the stock exchange(s) in the place where the Company's shares are listed shall apply.

**Register of shareholders**

The Company shall establish a register of shareholders and shall register therein the following particulars:

- (1) the name (title), address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the serial number of the share certificate held by each shareholder;
- (5) the date on which each shareholder is registered as a shareholder;
- (6) the date on which each shareholder ceases to be a shareholder.

The shareholders' register is a sufficient evidence of the shareholders' shareholdings in the Company unless there is evidence to the contrary.

The Company may keep overseas the register of holders of overseas listed foreign shares and entrust the administration thereof to an overseas agent in accordance with the understanding and agreement reached between the Securities Regulatory Authorities of the State Council and the overseas Securities Regulatory Authorities. The original register of holders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of holders of overseas listed foreign shares. The entrusted overseas agent shall always ensure that the original and copies of the register of holders of overseas listed foreign shares are consistent.

Where the original and copies of the register of holders of overseas listed foreign shares are inconsistent, the original shall prevail.

The Company shall keep a complete shareholders' register.

The shareholders' register shall include the following parts:

- (1) the register(s) of shareholders kept at the Company's domicile other than those specified in items (2) and (3);
- (2) the register(s) of holders of overseas listed foreign shares kept in the place(s) of the overseas stock exchange(s) where the shares are listed;
- (3) the register(s) of shareholders kept in other places as the Board may decide and consider necessary for listing purposes.

The various parts of the register of shareholders shall not overlap with each another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register of shareholders.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.

Change of the register of shareholders arising from share transfer shall not be registered within thirty days before convening of a general meeting or within five days prior to the reference date set by the Company for the purpose of distribution of dividends. Provisions otherwise provided by the Securities Regulatory Authorities in the place(s) where the securities of the Company are listed shall prevail.

When the Company convenes a general meeting, distributes dividends, commences liquidation or participates in other activities requiring the recognition of shareholdings, the Board shall designate a certain date as the record date, at the end of which the shareholders in the register shall be shareholders of the Company.

If any person objects to the register of shareholders and requests to have his/her name (title) recorded in or deleted from the register of shareholders, the said person may apply to the court with jurisdiction to correct the register of shareholders.

If any shareholder in the register of shareholders or any person requesting to have his/her name (title) recorded in the register of shareholders loses his/her share certificates (hereinafter referred to as the "Original Share Certificates"), the said shareholder or person may apply to the Company to issue replacement certificates in respect of the said shares.

The Company shall not be liable for any damages suffered by any person arising from the cancellation of the Original Share Certificates or the issuance of a new replacement share certificate, unless the claimant can prove that the Company has committed a fraudulent act.

## **RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

### **Shareholder**

A shareholder of the Company is a person who lawfully holds shares of the Company and has his/her name (title) recorded in the register of shareholders. A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and amount of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Where any of the joint shareholders deceases, only the surviving joint shareholders shall be deemed by the Company as having title to the relevant shares, but the Board may, for the purpose of modifying the register of shareholders, require the provision of a death certificate of the relevant shareholder as it deems appropriate. For joint shareholders of any share, only the person whose name stands first in the register of shareholders shall be entitled to receive such certificate of the relevant share or receive notice from the Company, and the service of notice to the aforesaid person shall be deemed as service of notice to all joint shareholders of the relevant shares.

### **Rights and obligations of shareholders**

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and amount of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

If the shareholder of the Company is a legal entity, the rights shall be enforced by its legal representative or a proxy of such legal representative.

The Company shall not exercise any rights to freeze or otherwise prejudice any rights attached to the shares held by any person who directly or indirectly has interest in the Company solely for the reason that such person fails to disclose to the Company any such interests.

The ordinary shareholders of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other profit distributions in proportion to their shareholdings;
- (2) the right to attend or appoint proxies to attend general meetings and to exercise the voting rights;
- (3) the right to supervise and manage the Company's business activities, to present proposals or to raise enquires;
- (4) the right to transfer shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  1. the right to obtain a copy of the Articles of Association, subject to payment of cost;



2. the right to inspect and copy, subject to payment of a reasonable charge:
  - i. the register of all the shareholders;
  - ii. personal particulars of each of the Company's Directors, Supervisors, General Manager and other senior management members, including:
    - (a) present and former name and alias;
    - (b) principal address (domicile);
    - (c) nationality;
    - (d) primary and all other part-time occupations and duties;
    - (e) identification documents and the numbers thereof.
  - iii. reports showing the status of the Company's issued share capital;
  - iv. reports showing the aggregate nominal value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year and the aggregate amount incurred by the Company for this purpose (with a breakdown between domestic shares and foreign shares);
  - v. minutes of general meetings (only available for inspection to shareholders) and copies of the Company's resolutions of general meetings, Board meetings and meeting of Supervisory Committee;
  - vi. the latest audited financial statements, and reports of Board of Directors, auditors and Supervisory Committee of the Company;
  - vii. a copy of the latest Annual Inspection Form that has been filed with the PRC Administration for Industry and Commerce or other competent authorities.
3. Counterfoils of corporate bonds.

Documents of item 2i to vii (excluding items 2ii) mentioned above and any other applicable documents shall be made available by the Company, according to the requirements of the Listing Rules, at the Company's address in Hong Kong, for the public and the shareholders to inspect free of charge (provided that minutes of general meetings are available for inspection by the shareholders only). When a shareholder requests to inspect the relevant information mentioned in the preceding paragraphs or obtain such materials, he/she shall provide the Company with such written documents evidencing the class and amount of shares his/her holds in the Company. The Company may provide such information per the shareholder's request after verifying his/her identity.

- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the shareholdings;
- (7) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, the right to demand the Company to buy back their shares;

- (8) the right to initiate legal proceedings to the People's Court against acts which are detrimental to the interests of Company or infringe on the lawful interests of shareholders, and to claim the relevant interests pursuant to the Company Law or other laws and administrative regulations;
- (9) other rights under laws, administrative regulations, listing rules of the place(s) where the shares of the Company are listed and the Articles of Association.

The Company shall not exercise any rights to freeze or otherwise prejudice any rights attached to the shares held by any person who directly or indirectly has interest in the Company solely for the reason that such person fails to disclose to the Company any such interests.

The ordinary shareholders of the Company shall have the following obligations:

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to pay capital contribution for the shares subscribed for in the prescribed method of subscription;
- (3) except as otherwise provided by laws and regulations, withdrawal of share capital shall not be permitted;
- (4) not to abuse shareholder's right to prejudice the interests of the Company or other shareholders; not to abuse the independent status of legal person of the Company or shareholder's limited liability to prejudice the interests of the creditors of the Company. Shareholders of the Company who abuse their shareholder's rights and thereby causing loss to the Company or other shareholders shall be liable for compensation according to the law. Where shareholders of the Company abuse the independent status of legal person of the Company and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;
- (5) to fulfill other obligations as stipulated by laws, administrative regulations and the Articles of Association.

Shareholders shall not be liable for further contribution to share capital other than the conditions agreed to as a subscriber of the shares at the time of subscription.

## **SHAREHOLDERS' GENERAL MEETING**

### **General rules for the Shareholders' General Meeting**

The general meeting is the authority of power of the Company, and shall exercise the following duties and powers in accordance with the law:

- (1) to decide the Company's operational policies and investment plans;
- (2) to elect and change the Directors and Supervisors who are not representatives of the employees and decide on the remunerations of Directors and Supervisors;
- (3) to examine and approve reports of the Board of Directors;
- (4) to examine and approve reports of the Supervisory Committee;
- (5) to examine and approve the proposed annual financial budgets, final accounts, balance sheets, profit statements and other financial statements of the Company;

- (6) to examine and approve the profit distribution plans and loss recovery plans of the Company;
- (7) to examine and approve the annual reports of the Company;
- (8) to make resolutions on the increase or reduction of the registered capital of the Company as well as issuance of any classes of shares, warrants, and other similar securities;
- (9) to make resolutions on the merger, division, dissolution, liquidation or change in the form of the Company;
- (10) to make resolutions on the issuance of corporate bonds and other securities and listing of the Company;
- (11) to make resolutions on the engagement, removal, or discontinuance of engagement of accounting firms by the Company;
- (12) to amend the Articles of Association;
- (13) to examine the proposals by the shareholders severally or jointly holding three percent or more of the voting shares of the Company;
- (14) to examine the matters relating to the purchases and disposals of the Company's material assets or the provisions of guarantees within one year with an amount exceeding thirty percent of the Company's latest audited total assets;
- (15) to examine and approve the external guarantees that shall be approved by the general meeting;
- (16) to examine the share incentive schemes;
- (17) to examine other matters required to be resolved at the general meeting pursuant to laws, administrative regulations, the listing rules of the place where the Company's shares are listed or provisions of the Articles of Association.

The general meeting can authorize or entrust the Board to handle the matters authorized or entrusted thereby, provided that the laws and regulations, and the mandatory laws and regulations of the place where the Company's shares are listed are not violated.

The Company shall not enter into contracts with a party (other than a Director, Supervisor, the General Manager and other senior management members) in relation to handover of the administration of all business or the important business of the Company to that party without the approval of the general meeting by special resolution.

Our Company's guarantees provided to shareholders or de facto controller(s) shall be subject to consideration of the general meeting.

If a director, General Manager and any other senior management member violates the requirements on the approval authority and consideration procedures for external guarantees as specified in laws, administrative regulations or the Articles of Association, thereby causing the Company to suffer a loss, he or she shall be held liable for compensation, and the Company may institute a legal action against him or her according to the laws.

The general meetings consist of annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months from the end of the previous accounting year.

The extraordinary general meeting shall be convened as and when necessary. In the occurrence of any of the following events, the Board of Directors shall convene an extraordinary general meeting within two months:

- (1) when the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;
- (2) when the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (3) when shareholder(s) individually or jointly holding ten percent or more of the Company's issued shares carrying voting rights request(s) in writing to convene an extraordinary general meeting (the number of shares held shall be the figure as at the date of the written request from the shareholder);
- (4) when deemed necessary by the Board or when proposed by the Supervisory Committee;
- (5) any other circumstances stipulated by laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

#### **Proposals of the shareholders' general meeting**

When a general meeting is convened by the Company, the Board, Supervisory Committee and shareholders who individually or jointly hold three percent or more of the shares of the Company, shall be entitled to make proposals to the Company.

Shareholders, who individually or jointly hold three percent or more of the shares of the Company, may submit ad hoc proposals in writing to the convener ten days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within two days upon receipt of the proposals.

In addition, the convener, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

The general meeting shall not vote or resolve on any proposals which are not contained in a notice of the general meeting or are not in compliance with the Articles of Association.

#### **Notices of the shareholders' general meeting**

Notice of a general meeting shall satisfy the following requirements:

- (1) be in writing;
- (2) specific venue, date and time of the meeting;
- (3) matters to be considered at the meeting;
- (4) any information and explanations necessary to be made available to the shareholders for such shareholders to make sound decisions about the matters to be discussed. This principle includes (but not limited to) the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the reasons and effects when the Company proposes mergers, repurchase of shares, equity restructuring or other restructuring;

- (5) in the event that any of the Directors, Supervisors, General Manager and other senior management has material interests in matters to be discussed, the nature and extent of the interests shall be disclosed. If the matters to be discussed affect any Director, Supervisor, General Manager and other senior management as a shareholder in a manner different from the manner they affect other shareholders of the same class, the difference shall be explained;
- (6) the full text of any special resolution to be proposed for approval at the meeting;
- (7) a prominent statement that all shareholders are eligible for attending the general meeting and are entitled to appoint proxies in writing to attend and vote at such meeting on his/her behalf, and that such proxy does not need to be a member of the Company;
- (8) the time and venue for lodging a proxy form for the meeting.

The notice of the general meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the general meeting) by hand or postage prepaid mail. The address of the recipient shall be the registered address as shown in the register of shareholders. For holders of Domestic Shares and Unlisted Foreign Shares, the notice of the general meeting may also be given by way of announcement.

The announcement referred above shall be published in one or more newspapers designated by the Securities Regulatory Authorities of the State Council forty-five to fifty days prior to the convening of the meeting. Once such an announcement is made, all holders of the Domestic Shares and Unlisted Foreign Shares shall be deemed to have received the relevant notice of the general meeting.

#### **Convening of shareholders' general meetings**

Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as his or her proxy to attend and vote at the meeting on his or her behalf. The proxy(ies) so appointed by the shareholder(s) may, pursuant to the instructions of the shareholder(s), exercise the following rights:

- (1) the shareholders' right to speak at the general meeting;
- (2) the right to demand a poll by himself/herself or jointly with others;
- (3) the right to exercise voting rights by a show of hands or by a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights by a poll.

If the shareholder is an authorized clearing house or its agent, such shareholder is entitled to appoint one or more persons it deems suitable to act as its proxy in any general meeting or shareholders' class meeting. If one or more persons is/are appointed as proxy(ies), the power of attorney shall clearly state the number and the class of shares represented by each of the proxies. The power of attorney shall be subject to the signature of the appointer of the authorized clearing house. The proxies so appointed may attend meetings (without certifying their due authorization by show of shareholding certificate, notarized power of attorney and/or further evidence) and exercise rights on behalf of the authorized clearing house (or its agent) as if that proxy is an individual shareholder of the Company.

The appointment of a proxy shall be in writing and signed by the appointing shareholder or his/her attorney duly authorized in writing; where the appointing shareholder is a legal person, such appointment shall be affixed with its seal or signed by its Director or attorney duly authorized.

The general meeting shall be convened by the Chairman of the Board, who shall also act as the chairman of the meeting. If the Chairman is unable to attend the meeting, the Board may appoint a director of the Company to convene and act as the chairman of the meeting on his/her behalf. In the event that no chairman is appointed, the attending shareholders shall elect one person to act as the chairman of the meeting; if, for any reason, the shareholders fail to elect a chairman of the general meeting, the shareholder (including his/her proxy) holding the largest number of voting shares among the attending shareholders shall be the chairman of the general meeting.

**Resolutions of shareholders' general meetings**

Resolutions of the general meeting include ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be adopted by more than one half of the voting rights held by shareholders (including their proxies) attending the general meeting.

Special resolution at a general meeting shall be adopted by two-thirds or more of the voting rights held by shareholders (including their proxies) attending the general meeting.

The following matters shall be resolved by way of ordinary resolutions at a general meeting:

- (1) work reports of the Board and the Supervisory Committee;
- (2) profit distribution plan and loss recovery plan formulated by the Board;
- (3) dismissal of the members of the Board and Supervisory Committee, and remuneration and payment methods thereof;
- (4) annual financial budget report, final accounts report, balance sheets, income statements and other financial statements of the Company;
- (5) the Company's annual report;
- (6) matters other than those requiring approval by special resolutions in accordance with laws, administrative regulations or the Articles of Association.

The following matters shall be resolved by way of special resolutions at a general meeting:

- (1) increase or reduction of registered capital of the Company and issue of shares of any class, stock warrants or other similar securities;
- (2) issuance of corporate bonds;
- (3) division, merger, dissolution, liquidation or change in the form of the Company;
- (4) amendments to the Articles of Association;
- (5) purchase or disposal of major assets or the provision of security by the Company within one year with the value exceeding thirty percent of the latest audited total assets of the Company;

- (6) other matters as resolved by an ordinary resolution at general meetings that will have a material impact on the Company and accordingly shall be approved by a special resolution;
- (7) matters requiring approval by special resolutions in accordance with laws, administrative regulations, listing rules of the stock exchange on which the shares of the Company are listed or the Articles of Association.

Shareholders attending a general meeting (including their proxies) shall expressly specify whether they are in favor of or against any matter which is being voted for. Any abstention vote or waiver of voting shall be deemed as “abstain”. Blank, wrong, illegible or uncast votes shall be deemed as the voters’ waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as “abstain”. The abstention vote shall be regarded as valid votes when the Company counts the votes in respect of the relevant matter.

Shareholders (including their proxies) who vote at a general meeting shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. However, shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

Voting at general meetings shall be conducted by a show of hands, unless the following persons demand a poll before or after voting by a show of hands, or relevant regulations of securities regulatory authority at the location where the shares of the Company are listed require voting by a poll:

- (1) the chairman of the meeting;
- (2) at least two shareholders with voting rights or proxies thereof;
- (3) one or more shareholders (including their proxies) individually or jointly holding ten percent or more of all shares carrying the right to vote at the meeting.

Unless someone demands a poll, the chairman of the meeting shall announce the result of voting by a show of hands on proposals, and shall record the result in the minutes as final evidence, without specifying the number or percentage of in favor of or against the resolutions approved at the meeting.

The demand for a poll can be withdrawn by the proposer.

If the matter required to be voted by way of a poll relates to election of chairman or adjournment of meeting, a poll shall be conducted immediately; in respect of other matters required to be voted by way of a poll, the chairman may decide the time of a poll, and the meeting may proceed to consider other matters. The voting results shall still be deemed as resolutions passed at the said meeting.

When voting by a poll, shareholders (including their proxies) entitled to two or more votes need not cast all their votes for or against in the same way.

When the number of votes against and in favor are equal, either by a show of hands or by a poll, the chairman of the meeting shall be entitled to an additional vote.

The chairman of the meeting shall be responsible for determining whether a resolution of a general meeting has been passed. His/her decision shall be final and conclusive. It shall be announced at the meeting and recorded in the minutes of the meeting.



In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he/she may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy who objects to the result announced by the chairman of the meeting may demand that the votes counting immediately after the announcement of the voting result, and the chairman of the meeting shall have the votes counted immediately.

In the event that the votes are counted at the general meeting, the counting results shall be recorded in the minutes of the meeting.

The Board of Directors shall keep minutes of its resolutions on the matters discussed at the meeting. Chairman of the meeting and Directors, who attended the meeting, shall sign on the minutes of that meeting. The minutes of meeting together with the attendance record of the attending shareholders, the power of attorney of the proxies shall be kept at the Company's domicile.

### **Special procedures for voting of class shareholders**

Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy the rights and assume the obligations in accordance with laws, administrative regulations, and the Articles of Association.

The Company shall not proceed to change or abrogate the rights of class shareholders unless such proposed change or abrogation has been approved by way of a special resolution at a general meeting and by a separate shareholder meeting convened by the class shareholders so affected in accordance with the Articles of Association.

The following circumstances shall be deemed as change or abrogation of the rights of a certain class shareholder:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;
- (3) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;
- (4) to reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to receive distributions of assets in a liquidation of the Company;
- (5) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of the said class;
- (6) to cancel or reduce rights to receive company payables in a particular currency attached to the shares of the said class;
- (7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;

- (8) to restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;
- (9) to issue rights to subscribe for, or to convert into, shares of the said class or another class;
- (10) to increase the rights and privileges of the shares of another class;
- (11) to restructure the Company in such a way to cause shareholders of different classes to undertake liabilities disproportionately during the restructuring;
- (12) to amend or cancel provisions in this chapter.

Shareholders of the affected class, whether or not with the rights to vote at general meetings originally, shall have the right to vote at shareholders' class meetings in respect of matters referred to in items (2) to (8) and (11) to (12) above, except that interested shareholders shall not vote at such shareholders' class meetings.

The term "interested shareholders" in the preceding paragraph shall mean:

- (1) in case of a buy-back of shares by the Company by way of a general offer to all shareholders in equal proportion or by way of open market transactions on a stock exchange in accordance with Article 27 of the Articles of Association, the controlling shareholders as defined in Article 57 of the Articles of Association shall be the "interested shareholders";
- (2) in case of a buy-back of shares by the Company by an off-market agreement in accordance with Article 27 of the Articles of Association, holders of shares in relation to such agreement shall be the "interested shareholders";
- (3) in case of a proposed restructuring of the Company, shareholders who assume a relatively lower proportion of obligation than the obligations imposed on the other shareholders of that class or who have an interest in the proposed restructuring that is different from the general interests in such proposed restructuring of the other shareholders of that class shall be the "interested shareholders".

Resolution of a shareholders' class meeting shall be passed only by two-thirds or more of the total voting rights being held by the shareholders of that class, who are entitled to do so, present and vote at the shareholders' class meeting in accordance with the Articles of Association.

The notice of a shareholders' class meeting shall be sent to the shareholders entitled to vote at such meeting only.

The procedure of a shareholders' class meeting shall, to the extent possible, be identical with the procedure of a general meeting. Provisions of the Articles of Association relevant to procedure for the holding of a general meeting shall be applicable to a shareholders' class meeting.

In the following circumstances, the special procedures for voting by class shareholders shall not apply:

- (1) with the approval by a special resolution at the general meeting, the Company issues Domestic Shares or overseas listed foreign shares alone or at the same time at each interval of twelve months and the number of the proposed Domestic Shares and overseas listed foreign shares does not exceed twenty percent of the respective outstanding shares of such class;

- (2) the Company has made the plans to issue Domestic Shares or overseas listed foreign shares at the time of incorporation and the implementation of such plan has been completed within fifteen months from the date of approval by the Securities Commission of the State Council;
- (3) with the approval of the securities regulatory authorities of the State Council, the holders of the domestic shares of the Company transfer their shares to overseas investors and such shares are listed and traded on the overseas stock exchanges.

**Subjected to fraud or coercion, some shareholders can exercise the right**

Save for the obligations imposed by laws, administrative regulations or required by the listing rules of the place where the shares of the Company are listed, the controlling shareholders shall not, in the exercise of their shareholders' rights, make decisions prejudicial to the interests of all or part of the shareholders in the exercise of their voting rights on the issues set forth below:

- (1) releasing the responsibility of a Director or Supervisor to act in good faith in the best interests of the Company;
- (2) approving the expropriation by a Director or Supervisor for his/her own or others' benefits, in any guise, of the Company's assets, including but not limited to any opportunities beneficial to the Company;
- (3) approving the expropriation by a Director or Supervisor for his/her own or others' benefits of the personal interests of other shareholders, including but not limited to any rights to distributions and voting rights, but excluding restructuring of the Company submitted to general meeting for approval in accordance with the Articles of Association.

The term "Controlling Shareholder" referred above refers to a person that satisfies any of the following conditions:

- (1) he/she, acting alone or in concert with others, has the power to elect half or more of the total number of Directors;
- (2) he/she, acting alone or in concert with others, has the power to exercise or control the exercise of thirty percent or more of the Company's voting rights;
- (3) he/she, acting alone or in concert with others, holds thirty percent or more of the issued and outstanding shares of the Company;
- (4) he/she, acting alone or in concert with others, has de facto control over the Company in any other manner.

**DIRECTORS AND BOARD OF DIRECTORS****Directors**

Directors shall be elected at the general meeting with a term of three years. A Director may serve consecutive terms if re-elected upon the expiry of his/her term.

A Director need not hold any shares in the Company.

With prior approval given at a general meeting, the Company shall enter into written contracts relating to emoluments with the Directors. Such emoluments include:

- (1) emoluments in respect of his/her service as Directors, Supervisors or senior management members of the Company;
- (2) emoluments in respect of his/her service as Directors, Supervisors or senior management members of subsidiaries of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the Company and its subsidiaries;
- (4) payment by way of compensation for loss of office, or as consideration for or in connection with his/her retirement from office.

No litigation shall be brought by the Directors or Supervisors against the Company for any benefit due to him/her in respect of the abovementioned matters except pursuant to the contracts mentioned above.

The Company shall neither directly or indirectly make a loan to or provide any security for the Directors, Supervisors, General Manager and other senior management members of the Company or its parent, nor make a loan or provide any security for any of their respective associates.

The foregoing provision is not applicable in the following circumstances:

- (1) the provision by the Company of a loan to or a security for its subsidiaries;
- (2) the provision by the Company of a loan or a security or any other funds available to its Directors, Supervisors, General Manager and other senior management members to meet expenditures incurred by him/her for the purpose of the Company or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of a service contract approved by the shareholders in a general meeting;
- (3) if the ordinary business scope of the Company includes the lending of money and provision of security, the Company may make a loan to or provide a security to the relevant Directors, Supervisors, General Manager and other senior management members or their respective associates on normal commercial terms.

#### **The Board of Directors**

The Company shall have a Board of Directors which consists of nine Directors with three executive directors, three non-executive directors and three independent non-executive directors. The Board of Directors has one chairman.

The Board of Directors shall be accountable to the general meeting and exercise the following powers and duties:

- (1) to convene a general meeting and submit a work report to such meeting;
- (2) to implement the resolutions of a general meeting;
- (3) to decide on the operation plan and investment scheme of the Company;
- (4) to prepare the draft annual budget and final accounts of the Company;
- (5) to prepare the profit distribution plan and loss recovery plan of the Company;

- (6) to prepare the plan for the Company to increase or reduce its registered capital, issuance of bonds or other securities and listing plans;
- (7) to prepare plans for major assets acquisition and disposal, repurchase of the shares of the Company or the merger, divisions, dissolution and changes of the form of the Company;
- (8) to decide on the establishment of the internal management organizations of the Company;
- (9) to appoint or remove the General Manager and Secretary of the Board (and joint company secretaries) of the Company; to appoint or remove senior management members, such as Vice General Manager and Chief Financial Officer of the Company pursuant to the nominations of the General Manager; and to decide on the remuneration and rewards and penalties of them;
- (10) to establish a basic management system of the Company;
- (11) to prepare plans to amend the Articles of Association;
- (12) to prepare share incentive schemes;
- (13) to approve the matters in relation to investment, acquisition or disposal of assets, financing and related (connected) transactions as required by the listing rules of the stock exchange where our shares are listed;
- (14) to decide on other major matters of the Company except for those as required by relevant laws, administrative regulations, the listing rules of the stock exchange where our shares are listed and the provisions of the Articles of Association to be passed by resolutions at the general meetings;
- (15) to exercise other functions and powers conferred by relevant laws, administrative regulations, the listing rules of the stock exchange where our shares are listed, the Articles of Association or the general meetings.

Resolutions relating to the above, with the exception of items (6), (7) and (11) which shall be approved by not less than two-thirds of the Directors, shall be approved by not less than half of the Directors.

The board meeting can be held only when there are more than one half of the directors (including entrusted directors) attending the meeting.

Resolutions in respect of related transactions made by the Board of the Company shall come into effect only after they are signed by the independent Directors. When the Board of Directors considers any related transaction matters, the related Directors shall abstain from voting and shall not vote on behalf of other Directors. If less than three non-related Directors attend the meeting, such transaction shall be submitted to the general meeting for approval. Related Directors shall include Directors who fall into any of the followings: (1) the counterparty of a transaction; (2) owning direct or indirect control over the counterparty of a transaction; (3) holding a position in the counterparty or a legal person or other organization directly or indirectly controlling or controlled by such counterparty; (4) a close family member of the counterparty or the person who has direct or indirect control over the counterparty; (5) a close family member of any Director, Supervisor or senior management of the counterparty or the person who has direct or indirect control over the counterparty; and (6) a person which is considered to be able to affect the independent commercial judgment of the Company for other reasons as determined by the Company.

**SUPERVISORY COMMITTEE**

The Company shall establish a supervisory committee.

The Supervisory Committee consists of five members and one of them should be the chairman. The term of office of a supervisor is three years and the supervisors can be re-elected and re-appointed. Members of the Supervisory Committee consist of one shareholder representative supervisor, two employee representative supervisors and two independent supervisors (who are independent from shareholders of our Company and do not have any position in our Company).

The Supervisory Committee shall be accountable to the general meeting, and exercise the following duties and powers according to the laws:

- (1) to review the financial position of the Company;
- (2) to supervise the performance of Directors and senior management members if they violate laws, administrative regulations or the Articles of Association in fulfilling their duties to the Company, and propose dismissal of Directors and senior management members that have violated laws, administrative regulations, the Articles of Association or resolutions of the general meeting;
- (3) to demand rectification by Directors and senior management members of the Company when the acts of such persons are prejudicial to the Company's interest;
- (4) to review financial information such as financial reports, business reports, and profit distribution plans as proposed by the Board to the general meetings, and to engage certified public accountants and practicing auditors to assist with further examination in the name of the Company if there are any queries;
- (5) to propose the convening of an extraordinary general meeting, and to convene and preside over the general meeting when the Board fails to perform such duties;
- (6) to put forward proposals to general meetings;
- (7) to propose the convening of extraordinary general meetings of the Board of Directors;
- (8) to negotiate with Directors on behalf of the Company or initiate litigations against Directors and senior management members;
- (9) other duties and powers conferred by laws, administrative regulations and the Articles of Association.

Supervisors may present at meetings of the Board of Directors.

**FINANCIAL REPORT AND PROFIT DISTRIBUTION****Financial report**

The Company shall establish its financial and accounting system in accordance with relevant laws and administrative regulations, and PRC accounting standards formulated by the competent financial authorities under the State Council.

The Company shall prepare a financial report at the end of each fiscal year, and such financial report shall be audited by an accounting firm in compliance with laws.

The Board of Directors of the Company shall submit the financial report prepared by the Company under relevant laws, administrative regulations and normative documents issued by local government and competent authorities to shareholders at each annual general meeting.

The financial report of the Company shall be kept at the Company and shall be made available to the shareholders twenty days before the annual general meeting is held. Each shareholder of the Company shall have the right to obtain the financial report mentioned in this Chapter.

The Company shall send the report mentioned above or the report of the Board of Directors together with the balance sheet (including all documents which are required to be attached to the balance sheet under the laws) and profit and loss statement or statement of income and expenditure to each holder of overseas listed foreign shares by prepaid mail at least twenty-one days before the convening of the annual general meeting of shareholders. The address of the recipient shall be the registered address as shown on the register of shareholders.

Any interim results or financial information published or disclosed by the Company must also be prepared in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or those of the place outside the PRC where the Company's shares are listed.

The Company shall publish two financial reports in each fiscal year; the interim financial report shall be published within sixty days after the end of the first six months of a fiscal year; the annual financial report shall be published within one hundred and twenty days after the end of the fiscal year.

The Company shall not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

#### **Profit distribution**

The Company shall, when distributing its after-tax profits of the year, withdraw ten percent of the profits into the Company's statutory reserve fund. The Company may not withdraw a statutory reserve fund if the cumulative amount has reached fifty percent or more of the Company's registered capital.

If the Company's statutory reserve fund could not cover the losses of the preceding year, profit of the year shall be used to cover the losses before withdrawing, according to the foregoing provision, the statutory reserve fund.

After the Company has withdrawn the statutory reserve fund from the after-tax profits, the Company may also withdraw discretionary statutory reserve fund from the after-tax profits upon the approval of the general meeting.

After losses have been covered and the statutory reserve fund has been allocated, any remaining after-tax profits shall be distributed to the shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association.

Where the general meeting distributes profits to shareholders before losses have been covered and the statutory reserve fund has been allocated, which is in violation of the foregoing provision, the shareholders concerned shall refund to the Company the profits distributed in violation of the foregoing provision.



The shares of the Company held by the Company shall not be subject to profit distribution.

The Company shall appoint collection agents for holders of overseas listed foreign shares. The collection agents shall, on behalf of the related shareholders, collect distributed dividends and other payables by the Company for the overseas listed foreign shares.

The collection agents appointed by the Company shall be in compliance with the requirements of the laws or local stock exchange at the place where the shares of the Company are listed.

The collection agents appointed by the Company for holders of overseas listed foreign shares, which are listed in Hong Kong, shall be trust companies registered pursuant to Trustee Ordinance of Hong Kong.

The Company may exercise the power to cease sending dividend warrants to holders of overseas listed foreign shares by post if such warrants have been left uncashed for two consecutive times. Nevertheless, the Company may exercise such power after the first occasion on which such undelivered warrants are returned.

The Company may sell the shares held by a holder of overseas listed foreign shares who is untraceable in such ways as the Board of Directors thinks fit, provided that the following conditions shall be complied with:

- (1) at least three dividends have been distributed in respect of such shares during the period of 12 years, and no dividend has been claimed by the shareholder during that period; and
- (2) upon the expiry of the 12-year period, the Company shall make an announcement in one or more newspapers at the place where the shares of the Company are listed stating the Company's intention to sell the shares, and notify the Hong Kong Stock Exchange of such intention.

#### **DISSOLUTION AND LIQUIDATION**

The Company shall be dissolved and liquidated according to laws in any of the following circumstances:

- (1) the general meeting has resolved to dissolve the Company;
- (2) merger or division of the Company requires a dissolution;
- (3) the Company is declared bankrupt in accordance with the law because it is unable to pay its debts as they fall due;
- (4) the business license is revoked in accordance with the law, or the Company is ordered to close or is cancelled;
- (5) if the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other means, the shareholders holding ten percent or more of the total voting rights of the Company may request the People's Court to dissolve the Company;
- (6) the term of its operations specified in the Articles of Association has expired and other circumstance for dissolution specified in the Articles of Association has occurred.

Where the Company is dissolved under the circumstances set out in items (2), (4) and (5) above, the Company shall establish a liquidation committee within fifteen days, the composition of the liquidation committee shall be determined by ordinary resolution at the general meeting.

Where the Company is dissolved under the circumstance set out in item (3) above, the People's Court shall, according to relevant laws, order the formation of a liquidation committee comprising shareholders, relevant authorities and professionals to process the liquidation.

Where the Board resolves to liquidate the Company for any reason other than bankruptcy, the Board shall include a statement in its notice convening a general meeting to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company shall be able to pay its debts in full within twelve months from the commencement of the liquidation.

The Board of the Company shall lose its powers immediately after the resolution for liquidation is passed at the general meeting.

The liquidation committee shall act in accordance with instructions of the general meeting and make a report at least once every year to the general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation; and present a final report to the general meeting upon completion of the liquidation.

The liquidation committee shall notify all creditors within ten days after its establishment and shall publish announcements in newspapers within sixty days. The creditors shall declare their rights to the liquidation committee within thirty days after receipt of the notice or within forty-five days after the announcement if the creditors have not received the notice.

When submitting their claims, creditors shall explain matters relating to their rights and provide evidential documents. The liquidation committee shall register the creditor's rights.

During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to examine and take possession of the Company's assets and prepare the balance sheet and a property inventory;
- (2) to inform creditors by notice or announcement;
- (3) to deal with the outstanding businesses of the Company relating to liquidation;
- (4) to pay outstanding taxes;
- (5) to settle claims and debts;
- (6) to dispose of the remaining assets of the Company after repayment of debts;
- (7) to represent the Company in civil proceedings.

After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the general meeting or relevant competent authorities for confirmation.

The assets of the Company remaining after settling debts pursuant to the requirements above shall be distributed to the shareholders as per the classes of their shares and their shareholding percentages.

During the liquidation period, the Company remains in existence; however, it shall not commence any new business activity.

In the event of liquidation due to dissolution of the Company, after the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the People's Court to declare the Company bankrupt.

Following a ruling by the People's Court that the Company is declared bankrupt, the liquidation committee shall hand over all matters relating to the liquidation to the People's Court.

After completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, a statement of revenue and expenditure and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the general meeting or the relevant authorities in charge for confirmation.

Within thirty days from the date of confirmation of the aforementioned documents by the general meeting or the relevant competent authorities, the liquidation committee shall deliver the same to the company registration authority, apply for cancellation of the Company's registration and publicly announce the Company's dissolution.

#### **AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Company may amend the Articles of Association pursuant to laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association.

If the amendments to the Articles of Association involve content of the Mandatory Provisions, the said amendments shall be subject to approval by the company examination and approval authority authorized by the State Council and the Securities Commission of the State Council; If such amendments involve any registered particulars of the Company, application shall be made for change of registration in accordance with laws.

**A. FURTHER INFORMATION ABOUT OUR GROUP****1. Incorporation of our Company**

Our predecessor Sichuan Jiabao Asset Management Group Co., Ltd. (四川嘉寶資產管理集團有限公司) (formerly known as Chengdu Jiabao Management Consulting Co., Ltd. (成都嘉寶管理顧問有限公司)) was established in the PRC as a limited liability company on December 7, 2000 and was converted to a joint stock company with limited liability under the Company Law with effect from August 17, 2015. Our Company has established a place of business in Hong Kong at 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on January 2, 2019. Ms. Tsui Sum Yi (徐心兒) has been appointed as our agent for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix IV to this prospectus. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix III to this prospectus.

**2. Changes in the share capital of our Company**

As of the date of our establishment, our registered capital was RMB1 million which was owned as to 80% by Languang Hejun and 20% by Chengdu Century Computer City Co., Ltd. (成都世紀電腦城有限責任公司).

On December 17, 2001, our registered capital was increased from RMB1 million to RMB20 million. The increased registered capital was contributed by the existing shareholders.

On June 22, 2015, our registered capital was increased from RMB20 million to RMB21.1611 million. The increased registered capital was subscribed by Chengdu Jiayu.

On August 17, 2015, our Company was converted into a joint stock company with limited liability under the PRC Company Law. Our registered capital was RMB21.1611 million, divided into 21,161,100 Shares with a nominal value of RMB1.00 each.

On May 6, 2016, our issued share capital was increased from RMB21.1611 million to RMB84.6444 million by the conversion of capital reserve into share capital and by issuing and allotting Shares to three new Shareholders.

On September 20, 2016 and June 12, 2016, our issued share capital was increased from RMB84.6444 million to RMB88.0444 million.

On May 15, 2018, our issued share capital was increased from RMB88.0444 million to RMB123.26216 million.

On November 9, 2018, our issued share capital was further increased from RMB123.26216 million to RMB128.74846 million by capital injection from Ningbo Jiaqian Corporate Management Partnership (Limited Partner) (寧波嘉乾企業管理合夥企業(有限合夥)).

Assuming the Over-allotment Option is not exercised, upon completion of the Global Offering, our registered Share capital will be increased to RMB171,664,660, made up of 128,748,460 domestic Shares and 42,916,200 H Shares fully paid up or credited as fully paid up, representing approximately 75% and 25% of our registered share capital, respectively. Save as aforesaid, there has been no alteration in our share capital since our establishment.

### **3. Restriction of share repurchase**

For details of the restrictions on the share repurchase by our Company, please refer to “Summary of the Articles of Association” in Appendix IV to this prospectus.

### **4. Resolutions of our Shareholders passed at our Company’s extraordinary general meeting held on December 9, 2018**

At the extraordinary general meeting of our Company held on December 9, 2018, among other things, the following resolutions were passed by the Shareholders:

- (a) the issue by the Company of the H Shares with a nominal value of RMB1.00 each and such H Shares to be listed on the Stock Exchange;
- (b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date, and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (c) authorizing the Board to handle all relevant matters relating to, among other things, the implementation of issue of H Shares and the Listing.

### **5. Corporate Reorganization**

We underwent the Reorganization, for details, please refer to the section entitled “History, Reorganization and Corporate Structure”. As confirmed by our PRC Legal Advisor, JunHe LLP, we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization.

### **6. Changes in the registered capital of subsidiaries**

Our Company’s subsidiaries are referred to in the Accountants’ Report in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountants’ Report and the section entitled “History, Reorganization and Corporate Structure”, our Company has no other subsidiaries.

The following changes in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

#### ***Chongqing Justbon***

On September 20, 2017, the registered capital of Chongqing Justbon was increased from RMB5,000,000 to RMB20,000,000.

#### ***Hangzhou Lvyu***

On July 12, 2017, the registered capital of Hangzhou Lvyu was decreased from RMB10,080,000 to RMB3,000,000.

On December 4, 2017, the registered capital of Hangzhou Lvyu was increased from RMB3,000,000 to RMB10,080,000.

**Chengdu Dongjing**

On December 21, 2017, the registered capital of Chengdu Dongjing was decreased from RMB20,000,000 to RMB5,500,000.

Save as set out above, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

**B. FURTHER INFORMATION ABOUT OUR BUSINESS****1. Summary of material contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

- (a) an equity interest transfer agreement and a supplemental agreement both dated September 14, 2017 entered into among our Company, Hangzhou Lvyang Venture Investment Co., Ltd. (杭州綠瑩創業投資有限公司) (“**Hangzhou Lvyang**”), Hangzhou Lvyu and Zhang Ruju (張如舉) in respect of the transfer of 76% equity interest of Hangzhou Lvyu from Hangzhou Lvyang to our Company at a consideration of RMB60,000,000;
- (b) an equity interest transfer agreement and a supplemental agreement both dated September 14, 2017 entered into among our Company, Shanghai Tongda Real Estate Co., Ltd. (上海統達置業有限公司) (“**Shanghai Tongda**”), Shanghai Zhenxian, Ji Jianping (吉建平) and Ji Xiang (吉翔) in respect of the transfer of 80% equity interest of Shanghai Zhenxian from Shanghai Tongda to our Company at a consideration of RMB24,000,000;
- (c) an equity interest transfer agreement and a supplemental agreement both dated May 23, 2018 entered into among our Company, Sichuan Xinchuangtou Investment Co., Ltd. (四川新創投投資有限責任公司) (“**Sichuan Xinchuangtou**”), Ling Feng (凌鋒), He Yu (何瑜), Fan Xiqian (范息千) and Chengdu Dongjing in respect of the transfer of 65% equity interest of Chengdu Dongjing from Sichuan Xinchuangtou to our Company at a consideration of RMB52,000,000;
- (d) an equity interest transfer agreement dated June 22, 2018 entered into among our Company, Sichuan Tianli Real Estate Development Co., Ltd. (四川天立房地產開發有限公司) (“**Sichuan Tianli**”) and Luzhou Tianli in respect of the transfer of 70% equity interest of Luzhou Tianli from Sichuan Tianli to our Company at a consideration of RMB35,000,000;
- (e) an equity interest transfer agreement and a supplemental agreement both dated December 14, 2018 entered into among our Company, Chengdu Xinzhu Honghu Real Estate Co., Ltd. (成都新築鴻鵠置業有限公司) (“**Xinzhu Honghu**”) and Chengdu Quancheng in respect of the transfer of 100% equity interest of Chengdu Quancheng from Xinzhu Honghu to our Company at a consideration of RMB2,300,000;
- (f) an equity interest transfer agreement dated July 31, 2019 entered into among our Company, Sichuan Yihe Property Management Co., Ltd. (四川頤合物業管理有限公司) (“**Sichuan Yihe**”), Chengdu Guotai Hongsheng Commercial Management Co., Ltd. (成都國泰弘盛商業管理有限公司) and Meishan Justbon in respect of the transfer of 49% of Meishan Justbon from our Company to Sichuan Yihe at a consideration of RMB245,000;



- (g) a cornerstone investment agreement dated October 2, 2019 entered into among our Company, ABCI Capital Limited and Shenzhen City China Merchants GuoXie No. 2 Equity Investment Fund Management Co., Ltd. (深圳市招商國協貳號股權投資基金管理有限公司) (“**Shenzhen City China Merchants**”), pursuant to which Shenzhen City China Merchants agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of RMB150 million at the Offer Price;
- (h) a cornerstone investment agreement dated October 3, 2019 entered into among our Company, Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, Guotai Junan Securities (Hong Kong) Limited and Longyuan Future City Investment Management (Shanghai) Co., Ltd (龍元明城投資管理(上海)有限公司) (“**Longyuan Future City**”), pursuant to which Longyuan Future City agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of HK\$117 million at the Offer Price;
- (i) a cornerstone investment agreement dated October 3, 2019 entered into among our Company, Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, Guotai Junan Securities (Hong Kong) Limited and Suzhou Gardens Construction Industry Co., Ltd. (蘇州園林營造產業股份有限公司) (“**Suzhou Gardens**”), pursuant to which Suzhou Gardens agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of HK\$117 million at the Offer Price;
- (j) a cornerstone investment agreement dated October 2, 2019 entered into among our Company, ABCI Capital Limited and Milestone Asset Management (Hong Kong) Limited (理成(香港)資產管理有限公司) (“**Milestone Asset Management**”), pursuant to which Milestone Asset Management agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of HK\$100 million at the Offer Price;
- (k) a cornerstone investment agreement dated October 3, 2019 entered into among our Company, Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, Essence International Securities (Hong Kong) Limited and Canny Elevator Co., Ltd (康力電梯股份有限公司) (“**Canny Elevator**”), pursuant to which Canny Elevator agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US\$8 million at the Offer Price;
- (l) a cornerstone investment agreement dated October 3, 2019 entered into among our Company, Huatai Financial Holdings (Hong Kong) Limited and SensePower Management Limited (“**SensePower Management**”), pursuant to which SensePower Management agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased in the aggregate amount of Hong Kong dollars equivalent of US\$5 million at the Offer Price;
- (m) the Deed of Indemnity; and
- (n) the Hong Kong Underwriting Agreement.



## 2. Intellectual property rights of our Group



### (a) Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
 嘉宝金管家 JUSTBON GOLDEN BUTLER	23371222A	36	Our Company	PRC	April 28, 2018	April 27, 2028
 嘉宝金管家 JUSTBON GOLDEN BUTLER	23371005A	45	Our Company	PRC	April 28, 2018	April 27, 2028
 嘉宝金管家 JUSTBON GOLDEN BUTLER	23371222	36	Our Company	PRC	April 14, 2019	April 13, 2029
 嘉宝金管家 JUSTBON GOLDEN BUTLER	28604803	36	Our Company	PRC	August 7, 2019	August 6, 2029
JUSTBON LIFE PRO	17008307	36	Our Company	PRC	July 21, 2016	July 20, 2026
JUSTBON LIFE PRO	17008046	35	Our Company	PRC	July 21, 2016	July 20, 2026
嘉宝生活家	17006589	36	Our Company	PRC	August 14, 2016	August 13, 2026
嘉宝生活家	17006469	35	Our Company	PRC	July 28, 2016	July 27, 2026
 JUSTBON	11412867	36	Our Company	PRC	January 28, 2014	January 27, 2024
 JUSTBON	11412731	35	Our Company	PRC	March 14, 2014	March 13, 2024
 JUSTBON	29386248	36	Our Company	PRC	January 14, 2019	January 13, 2029
	16824630	35	Shanghai Zhenxian	PRC	June 28, 2016	June 27, 2026
	6990979	35	Chengdu Dongjing	PRC	September 21, 2010	September 20, 2020
	15268511	36	Hangzhou Lvyu	PRC	October 14, 2015	October 13, 2025
嘉宝股份	29372180	35	Our Company	PRC	January 14, 2019	January 13, 2029
嘉宝股份	29363702	36	Our Company	PRC	January 14, 2019	January 13, 2029
嘉饰家	32937324	45	Our Company	PRC	April 28, 2019	April 27, 2029
嘉饰家	32935071	36	Our Company	PRC	May 7, 2019	May 6, 2029
JUSTBON	33602442	36	Our Company	PRC	June 14, 2019	June 13, 2029

## APPENDIX V

## STATUTORY AND GENERAL INFORMATION

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
<b>JUSTBON</b>	33596309	45	Our Company	PRC	May 28, 2019	May 27, 2029
	304563090	9, 36, 37, 38, 39, 41, 42, 43, 44, 45	Our Company	Hong Kong	June 14, 2018	June 13, 2028
	304563108	35	Our Company	Hong Kong	June 14, 2018	June 13, 2028
<b>嘉宝股份</b>	304563126	35	Our Company	Hong Kong	June 14, 2018	June 13, 2028

### (b) Copyrights

As at the Latest Practicable Date, our Group have registered the following software copyrights in the PRC which, in the opinion of our Directors, are material to our business:

Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
Life Pro Integrated Charging System V1.0 (生活家綜合收費系統V1.0)	2018SR275390	Our Company	June 30, 2017	April 24, 2018	Valid
Life Pro Software for Employees (ios version) V1.0 (員工生活家軟件(ios版)V1.0)	2016SR072149	Our Company	August 30, 2015	April 8, 2016	Valid
Life Pro Software for Employees (ios Version) V1.83 (員工生活家軟件(ios版)V1.83)	2018SR527733	Our Company	September 30, 2017	July 6, 2018	Valid
Life Pro Software for Employees (Android Version) V1.0 (員工生活家軟件(Android版)V1.0)	2016SR060763	Our Company	August 30, 2015	March 23, 2016	Valid
Life Pro Software for Employees (Android Version) V1.84 Abbreviation: Employee Life Pro (員工生活家軟件(Android版)V1.84簡稱:員工生活家)	2018SR527728	Our Company	September 30, 2017	July 6, 2018	Valid
Life Pro software for Merchants (iOS version) V1.0 (商戶生活家軟件(iOS版)V1.0)	2016SR060254	Our Company	December 14, 2015	March 23, 2016	Valid
Life Pro Software for Merchants (Android version) V1.0 (商戶生活家軟件(Android版)V1.0)	2016SR060198	Our Company	September 20, 2015	March 23, 2016	Valid
Integrated Management System V1.0 (綜合管理系統V1.0)	2016SR060267	Our Company	December 21, 2015	March 23, 2016	Valid
Integrated Management System V1.93 (綜合管理系統V1.93)	2018SR390496	Our Company	December 21, 2015	May 28, 2018	Valid
Neighborhood Management System V1.9.9.0 (鄰里管理系統V1.9.9.0)	2016SR060279	Our Company	December 24, 2015	March 23, 2016	Valid
Neighborhood Management System V1.9.9.1 (鄰里管理系統V1.9.9.1)	2018SR527744	Our Company	October 21, 2017	July 6, 2018	Valid

## APPENDIX V

## STATUTORY AND GENERAL INFORMATION

Copyright	Registration Number	Copyright Owner	Date of Publication	Date of Registration	Status
Languang Life Pro Mobile Phone Software (iPhone Version) V1.0 (藍光生活家手機軟件 (iPhone版)V1.0)	2015SR150263	Our Company	N/A	August 4, 2015	Valid
Languang Life Pro Mobile Phone Software (iPhone Version) V2.983 Abbreviation: Languang Life Pro (藍光生活家手機軟件(iphone版)V2.983簡稱:藍光生活家)	2018SR527739	Our Company	December 30, 2017	July 6, 2018	Valid
Languang Life Pro Mobile Phone Software (Android Version) V1.0 (藍光生活家手機軟件 (Android版)V1.0)	2015SR150329	Our Company	N/A	August 4, 2015	Valid
Languang Life Pro Mobile Phone Software (Android Version) V2.982 Abbreviation: Languang Life Pro (藍光生活家手機軟件(Android版)V2.982簡稱:藍光生活家)	2018SR527736	Our Company	January 4, 2018	July 6, 2018	Valid
Justbon Digital Home Integrated Management Service Software v1.0 Abbreviation: Digital Home (嘉寶數位家園綜合管理服務軟件 V1.0 簡稱: 數位家園)	2008SR08890	Our Company	January 1, 2008	May 8, 2008	Valid
Equipment Condition Monitor V3.1 Abbreviation: ECM (設施設備管理系統V3.1:簡稱 ECM)	2018SR329755	Our Company	December 30, 2017	May 11, 2018	Valid
Justbon Intelligent Voice Interactive Gateway Control Software V1.0 (嘉寶智能語音交互網關控制軟件 V1.0)	2019SR0442453	Our Company	March 30, 2019	May 9, 2019	Valid
Justbon AIOT Smart Community Service Platform V1.0 (嘉寶AIOT智慧社區服務平台 V1.0)	2019SR0463287	Our Company	March 30, 2019	May 14, 2019	Valid

### (c) Patent

As at the Latest Practicable Date, our Group have registered the following patents in the PRC which, in the opinion of our Directors, are material to our business:

Patent	Type	Patent Number	Registered Owner	Place of Registration	Date of Application	Status
Device data remote monitoring system (一種設備數據遠程監控系統)	Utility model	ZL201620116139.7	Our Company	PRC	February 4, 2016	Valid
Distributed data processing system and method (一種分布式數據處理系統及方法)	Invention	ZL201610081200.3	Our Company	PRC	February 4, 2016	Valid

**(d) Domain names**

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names in the PRC which, in the opinion of our Directors, are material to our business:

Domain Name	Name of Registered Proprietor	Date of Registration	Expiry Date
justbon.com.cn . . . . .	Our Company	August 11, 2004	August 11, 2021
justbon.com . . . . .	Our Company	October 23, 2007	December 31, 2021
justbon.cn . . . . .	Our Company	August 11, 2004	August 11, 2021
cddjwy.com . . . . .	Chengdu Dongjing	October 15, 2008	October 15, 2019

### C. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

#### 1. Disclosure of interests

##### (a) *Interests and short positions of the Directors, Supervisors and the chief executive of our Company in the registered capital of our Company and its associated corporations*

Immediately following the completion of the Global Offering and assuming that the Over-Allotment Option is not exercised, the interests or short positions of Directors, Supervisors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to our Company once the H Shares are listed will be as follows:

##### *Interest in Shares of our Company*

Name of Shareholder	Nature of Interest	Class of Shares <sup>(5)</sup>	Shares held as of the Latest Practicable Date and immediately prior to the Global Offering <sup>(1)</sup>		Shares held in the relevant class of Shares immediately following the completion of the Global Offering <sup>(1)</sup>		Shares held in the total share capital of the Company immediately following the completion of the Global Offering <sup>(1)</sup>	
			Number	Percentage (approx.)	Number	Percentage (approx.)	Number	Percentage (approx.)
Mr. Yao Min <sup>(2)(3)</sup>	Interest in controlled corporations	Domestic Shares	10,921,660 (L)	8.48%	10,921,660 (L)	8.48%	10,921,660 (L)	6.37%

#### Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) Mr. Yao Min is the general partner of Chengdu Jiayu, Mr. Yao is deemed under the SFO to be interested in the shares held by Chengdu Jiayu.
- (3) Mr. Yao Min is the general partner of Ningbo Jiaqian Corporate Management Partnership (Limited Partner) (寧波嘉乾企業管理合夥企業(有限合夥)) (“**Ningbo Jiaqian**”). Mr. Yao is deemed under the SFO to be interested in the shares held by Ningbo Jiaqian.

*Interest in associated corporations of our Company*

Name	Name of associated corporation	Nature of Interest	Interest in shares <sup>(1)</sup>	Percentage holding (approx.)
Zhang Qiaolong (張巧龍)	Languang Development	Beneficial owner	13,905,890 (L) 15,960,000 <sup>(2)</sup>	0.46% 0.53%
Wang Xiaoying (王小英)	Languang Development	Beneficial owner	1,972,379 (L)	0.07%
Meng Hongwei (孟宏偉)	Languang Development	Beneficial owner	2,416,400 (L) 3,360,000 <sup>(2)</sup>	0.08% 0.11%
Wang Wanfeng (王萬峰)	Languang Development	Beneficial owner	3,728,802(L) 3,360,000 <sup>(2)</sup>	0.12% 0.11%

*Notes:*

- (1) The letter "L" denotes the person's long position in the shares.
- (2) Such interest is in the form of share options which have not yet vested as at the Latest Practicable Date. The shareholding percentage is calculated based on the total number of shares of Languang Development in issue as at the Latest Practicable Date.

**(b) Substantial Shareholders**

So far as is known to our Directors, immediately following the completion of the Global Offering, the following persons, (not being the Directors, Supervisors or chief executive of our Company) would have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

Name of Shareholder	Nature of Interest	Class of Shares <sup>(5)</sup>	Shares held as of the Latest Practicable Date and immediately prior to the Global Offering <sup>(1)</sup>		Shares held in the total share capital of the Company immediately following the completion of the Global Offering <sup>(1)</sup>	
			Number	Percentage (approx.)	Number	Percentage (approx.)
Mr. Yang <sup>(4)</sup> . . . . .	Interest in controlled corporations	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	67.48%
Languang Investment <sup>(4)</sup> . . . .	Interest in controlled corporations	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	67.48%
Languang Development <sup>(3)</sup> . . .	Interest in controlled corporations	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	67.48%
Languang Hejun <sup>(2)</sup> . . . . .	Beneficial owner	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	67.48%
Mr. Yao Min <sup>(5)(6)</sup> . . . . .	Interest in controlled corporations	Domestic Shares	10,921,660 (L)	8.48%	10,921,660 (L)	6.37%

*Notes:*

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

- (2) Languang Hejun is a wholly-owned subsidiary of Languang Development. By virtue of the SFO, Languang Development is deemed to be interested in Shares held by Languang Hejun.
- (3) Languang Development is owned as to 47.65% by Languang Investment. By virtue of the SFO, Languang Holdings is deemed to be interested in Shares held by Languang Development.
- (4) Languang Holdings is owned as to 95.04% by Mr. Yang. By virtue of the SFO, Mr. Yang is deemed to be interested in Shares held by Languang Investment.
- (5) Mr. Yao Min is the general partner of Chengdu Jiayu. Mr. Yao is deemed under the SFO to be interested in the shares held by Chengdu Jiayu.
- (6) Mr. Yao Min is the general partner of Ningbo Jiaqian Corporate Management Partnership (Limited Partner) (寧波嘉乾企業管理合夥企業(有限合夥)) (“Ningbo Jiaqian”). Mr. Yao is deemed under the SFO to be interested in the shares held by Ningbo Jiaqian.

## 2. Further Information about our Directors and Supervisors

### (a) *Particulars of Directors’ and Supervisors’ service contracts and appointment letters*

Each of the Directors and Supervisors entered into a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) an arbitration provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

### (b) *Others*

- (i) None of the Directors, Supervisors, or any past Directors of any members of our Group has been paid any sum of money for the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (ii) There has been no arrangement under which a Director or Supervisor has waived or agreed to waive any remuneration or benefits in kind for the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019.
- (iii) None of the Directors or Supervisors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director or a Supervisor, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

## 3. Agency fees or commissions received

Save as disclosed in this section, none of the Directors, Supervisors or any of the persons whose names are listed under “— Other Information — Consents of Experts” in this Appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

#### 4. Directors' and Supervisors' remuneration

For the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, the aggregate amount of fees, salaries, housing allowance and contributions to a retirement benefit scheme and other allowance and benefits in kind granted by us to our Directors and Supervisors were approximately RMB3.2 million, RMB4.2 million, RMB8.2 million and RMB8.8 million, respectively.

Under the current arrangements, our Directors and Supervisors are entitled to receive compensation (including fees, salaries, housing allowance and contributions to a retirement benefit scheme) from our Company for the year ending December 31, 2019 under arrangement in force as of the date of this prospectus which is approximately RMB12.0 million in aggregate.

#### 5. Disclaimers

- (i) Save as disclosed in this section, none of the Directors, Supervisors or chief executive of our Company has any interest or short positions in the Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to in that section, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code, in each case once our H Shares are listed;
- (ii) none of our Directors or Supervisors nor any of the parties listed in "Other Information — Consents of Experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (iii) save as disclosed in this section, none of our Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange;
- (iv) none of our Directors or Supervisors nor any of the parties listed in "Other Information — Consents of Experts" in this Appendix, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group as a whole;
- (v) save for the Underwriting Agreements, none of the parties listed in "— Other Information — Consents of Experts" in this Appendix:
  - (i) is interested legally or beneficially in any of our Shares or any shares of any of our subsidiaries; or
  - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of our Group;
- (vi) so far as is known to our Directors as of the Latest Practicable Date, none of the Directors, Supervisors, their respective associates or Shareholders of our



Company (who is interested in more than 5% of the issued share capital of our Company) has any interests in any of our top five suppliers and top five customers; and

- (vii) none of the Directors is interested in any business (other than the business of our Group) which competes or is likely to compete, directly or indirectly, with our business.

## **D. OTHER INFORMATION**

### **1. Estate duty**

As advised by our PRC Legal Advisor, JunHe LLP, the PRC currently does not impose any estate duty.

### **2. Tax and Other Indemnities**

Our Controlling Shareholders have entered into a deed of indemnity with and in favor of each member of our Company (being the contract referred to in paragraph (I) of “B. Further Information about Our Business — 1. Summary of Material Contracts” above) to provide indemnities on a joint and several basis in respect of, among other matters, (i) taxation resulting from income, profits or gains earned, accrued or received; (ii) any taxation claims, penalties or other indebtedness resulting from any breach of laws, rules and regulations by any Group member; and (iii) any costs, expenses and damages payable resulting from any litigation, arbitration or disputes (“**Disputes**”) including full indemnity at all times for any losses, decrease in assets, loss of business or increase in indebtedness due directly or indirectly to any disputes, to which any member of our Group may be subject and payable, on or before the date when the Global Offering becomes unconditional.

### **3. Litigation**

We are not aware of any material legal proceedings, claims or disputes currently existing or pending against us, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against us that may have a material adverse effect on our business, financial position or results of operations.

### **4. Joint Sponsors**

The Joint Sponsors have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

The Joint Sponsors satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of US\$1.4 million for acting as the Joint Sponsors for the Listing.

### **5. Preliminary expenses**

Our Company has not incurred any preliminary expenses.

### **6. Promoters**

The promoters of our Company are Languang Hejun and Chengdu Jiayu.

Save as disclosed in the section entitled “History, Reorganization and Corporate Structure”, within the two years immediately preceding the date of this prospectus, no cash,

securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

## 7. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Huatai Financial Holdings (Hong Kong) Limited	Licensed under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO
ABCI Capital Limited	Licensed under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants
JunHe LLP	PRC Legal Advisor to our Company
China Index Academy	Industry consultant

## 8. Consents of experts

Each of the experts named in paragraph 7 of this Appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included in this prospectus in the form and context in which it is respectively included.

## 9. Interests of experts in our Company

None of the persons named in paragraph 7 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

## 10. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate chargeable on each of the seller and purchaser is HK\$1.00 for every HK\$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

## 11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

**12. Miscellaneous**

- (a) Within the two years immediately preceding the date of this prospectus:
  - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
  - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
  - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Our Directors confirm that:
  - (i) there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2019 (being the date to which the latest audited consolidated financial statements of our Group were prepared); and
  - (ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (c) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (d) All necessary arrangements have been made to enable our H Shares to be admitted into CCASS for clearing and settlement;
- (e) No company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) Our Company has no outstanding convertible debt securities or debentures;
- (g) There is no arrangement under which future dividends are waived or agreed to be waived;
- (h) None of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (i) There is no subsidiary in our Group which is a sino-foreign equity joint venture or which operates as or under a cooperative or contractual joint venture.

**13. Bilingual prospectus**

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption from Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the Application Forms;
- (b) the written consents referred to in “Statutory and General Information — Other Information — 8. Consents of experts” in Appendix V to this prospectus; and
- (c) a copy of each of the material contracts referred to in “Statutory and General Information — Further Information About Our Business — 1. Summary of material contracts” in Appendix V to this prospectus.

Copies of the following documents will be available for inspection at the offices of Sidley Austin at 39/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the Accountant’s Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019;
- (e) the material contracts referred to in “Statutory and General Information — Further Information about Our Business — Summary of material contracts” in Appendix V to this prospectus;
- (f) the service contracts referred to in “Statutory and General Information — Further Information about Our Directors, Supervisors and Substantial Shareholders — Further information about our Directors and Supervisors — Particulars of Directors’ and Supervisors’ service contracts” in Appendix V to this prospectus;
- (g) the legal opinions issued by JunHe LLP, our PRC Legal Advisor, in respect of our Group’s business operations and property interests in the PRC;
- (h) the written consents referred to “Statutory and General Information — Other Information — 8. Consents of experts” in Appendix V to this prospectus;
- (i) the PRC Company Law, the PRC Securities Law, the Mandatory Provisions and the Special Regulations together with their unofficial English translation; and
- (j) the report issued by CIA.

