銀城生活服務有限公司

YINCHENG LIFE SERVICE CO., LTD.

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1922

GLOBAL OFFERING

Sole Sponsor

ICBC 工银国际

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

ICBC 工银国际

國泰君安國際 GUOTAI JUNAN INTERNATIONAL

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

海通國際 HAITONG

UOBKayHian

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

Yincheng Life Service CO., Ltd.
銀城生活服務有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**66,680,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**6,668,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**60,012,000 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**not more than HK$2.28 per Offer Share and not less than HK$1.90 per Offer Share (payable in full on application in Hong Kong dollars, subject to refund, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**1922**

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UOBKayHian

Co-Lead Managers

VICTORY SECURITIES 勝利證券

絲路國際 SILK ROAD INTERNATIONAL

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong" in Appendix V 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 (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong 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 ICBC International Capital, on behalf of the Underwriters, and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, 30 October 2019 and, in any event, not later than 12:00 noon on Monday, 4 November 2019. The Offer Price will be not more than HK$2.28 and is currently expected to be not less than HK$1.90 unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$2.28 for each Offer Share together with a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price as finally determined should be lower than HK$2.28 per Offer Share.

ICBC International Capital, on behalf of the Underwriters may, with our consent, reduce the number of Offer Shares in the Global Offering and/or the Offer Price Range below that stated in this prospectus (which is HK$1.90 to HK$2.28 per Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares in the Global Offering and/or the Offer Price Range will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. 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 even if the number of Offer Shares in the Global Offering and/or the Offer Price Range is so reduced, such applications cannot be subsequently withdrawn. If, for any reason, the Offer Price is not agreed between the ICBC International Capital, on behalf of the Underwriters, and our Company by 12:00 noon on or before Monday, 4 November 2019, the Global Offering (including the Hong Kong Public Offering) will lapse and will not proceed. Further details are set out in the sections headed "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in 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 ICBC International Capital (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in "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.

The Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") as amended or any state securities law of the United States and may not be offered, sold, pledged or transferred within the United States, or to, or for the account or benefit of U.S. persons (as defined in the Regulation S), 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.

25 October 2019

We will issue an announcement in Hong Kong to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Hong Kong Public Offering.

	2019 *(Note 1)*
Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk** *(Note 2)*	11:30 a.m. on Wednesday, 30 October
Application lists open *(Note 3)*	11:45 a.m. on Wednesday, 30 October
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, 30 October
Latest time to give **electronic application instructions** to HKSCC *(Note 4)*	12:00 noon on Wednesday, 30 October
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Wednesday, 30 October
Application lists close	12:00 noon on Wednesday, 30 October
Expected Price Determination Date *(Note 5)*	Wednesday, 30 October
Announcement of the final Offer Price, indication of the levels of interest in the International Offering, the basis of allotment and the results of applications in 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	Tuesday, 5 November
Announcement of 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 including our website at **www.yinchenglife.hk** and the website of the Stock Exchange at **www.hkex.com.hk** (for further details, please see "How to apply for Hong Kong Offer Shares — 11. Publication of Results") from	Tuesday, 5 November
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID Number/Business Registration Number" function	Tuesday, 5 November

Despatch/Collection of White Form e-Refund payment instructions/ refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before *(Notes 6 to 8)* . . . . Tuesday, 5 November

Despatch/Collection of Share certificates on or before . . . . Tuesday, 5 November

Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on . . . . Wednesday, 6 November

Notes:

1. All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed ''Structure and Conditions of the Global Offering'' in this prospectus.

2. You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application 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 for submitting applications, when the application lists close.

3. If a tropical cyclone warning signal number 8 or above or "extreme conditions" caused by a super typhoon or a "black" rainstorm warning is/are in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 30 October 2019, the application lists will not open on that day. For further details, please see ''How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists'' in the prospectus.

4. Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to apply for 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 around Wednesday, 30 October 2019. If, for any reason, the Offer Price is not agreed by 12:00 noon on or before Monday, 4 November 2019 between our Company and ICBC International Capital (for itself and on behalf of the Underwriters), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse accordingly.

6. Share certificates for the Offer Shares are expected to be issued on or before Tuesday, 5 November 2019 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 6 November 2019 provided that (a) the Global Offering has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.

7. Applicants for 1,000,000 Hong Kong Offer Shares or more on **WHITE** Application Forms who are eligible to collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally may collect refund cheques (where relevant) and/or Share certificates (where relevant) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 5 November 2019 or any other day that we publish in the newspaper.

   Individuals who is eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which is eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar. Applicants for 1,000,000 Hong Kong Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not elect to collect their Share certificates personally, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who apply through the **White Form eIPO** service and paid their applications monies through single bank account may have refund monies (if any) dispatched to their application payment bank account, in the form of e-Refund payment instructions; Applicants who apply through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions to the **White Form eIPO** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

8. Refund cheques/e-Refund payment instructions will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK$2.28 per Offer Share.

For further details, please see "Structure and Conditions of the Global Offering" in this prospectus.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares 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 invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit 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 authorisation 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 authorised 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 authorised by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by and should be read in conjunction with, the full text of this prospectus.

You should read the whole document 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 forth in "Risk Factors". You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are an established property management service provider in the PRC with over 20 years' industry experience, providing diversified property management services and community value-added services. Through the offering of quality services, we have grown from a local property management service provider in Nanjing, to one of the leading property management service providers in both Nanjing and Jiangsu Province. According to the Frost and Sullivan Report, we ranked the 1st, and the 5th among all property management service providers in Nanjing and Jiangsu Province in 2018 in terms of revenue, respectively, and the 34th among the China Top 100 Property Management Companies (中國物業百強企業) in 2019.

Our business covers a wide spectrum of properties, including residential properties and non-residential properties covering government facilities, financial institutions, property sales offices, parks, highway service area, industrial parks, mixed-use properties, schools and office buildings. As at 30 April 2019, our property management services covered 10 PRC cities, including seven cities in Jiangsu Province and three cities in other provinces in the Yangtze River Delta Megalopolis, with GFA under management reaching approximately 19.6 million sq.m. We managed 197 properties, including 89 residential properties and 108 non-residential properties, serving over 100,000 households as at 30 April 2019.

Over the years, we have received numerous awards in recognition of our service quality. We were awarded with (a) China Top 100 Property Management Companies (中國物業服務百強企業) from 2017 to 2019 in terms of business size, operational efficiency, service quality, growth potential and social responsibility; (b) China Top 100 Property Management Companies (中國物業服務行業市場化營運領先企業) in terms of marketisation of business in 2018 and 2019; (c) China Top 100 Property Management Companies (中國物業服務百強滿意度領先企業) in terms of customer satisfaction from 2017 to 2019; (d) Leading Brand of East China Property Service Companies (中國華東物業領先品牌) in 2018; (e) Top 50 Property Management Companies of Jiangsu Province (江蘇省物業服務行業綜合實力五十強企業) for six consecutive years since 2012.

Adhering to our business motto of "Surpassing Customers' Expectations and Creating Value with Quality Services (超越顧客期待，服務創造價值)", and service concept of "Living+ (生活+)", we have adopted business model of "Service alignment, Business modularisation, Modules specialisation and Management digitalisation (服務網格化、業務模塊化、模塊專業化、管理數據化)" to serve and create value for our customers with quality property management services. We divide the households of residential properties managed by our Group into different community grids whereby each grid is assigned with one living consultant, serving as our key contact person for the relevant properties managed by our Group to handle customers' requests and provide consistent quality services to our customers.

OUR BUSINESS MODEL

Our two main business lines, namely, property management services and community value-added services, form an integrated service platform. The synergistic effects achieved through these two business lines help us to diversify our revenue streams, and to consolidate our relationship with our customers by offering them complementary services.

Property management services. Our portfolio of managed properties comprises residential and non-residential properties. Regarding our property management agreements of residential properties, we generally provide some or all of the following property management services: (i) security services; (ii) cleaning services; (iii) car park management services; (iv) repair and maintenance of specialised elevators, escalators and mechanical car park equipment; (v) gardening and landscaping services; (vi) daily repair and maintenance of equipment and machinery; and (vii) ancillary customer services. Our non-residential properties include nine types of properties, namely government facilities, financial institutions, property sales offices, parks, highway service area, industrial parks, mixed-use properties, schools and office buildings. Similar to our residential properties, our property management services in respect of non-residential properties are also comprised of security services, cleaning services, car park management services and daily repair and maintenance of equipment and machinery services mentioned above. Customers of non-residential properties may also choose to engage our Group for the provision of one or more than one type of property management services such as standalone repair and maintenance of specialised elevators, escalators and mechanical car park equipment services.

Community value-added services. With an aim to enhance the level of convenience at our managed communities and customer experience, satisfaction and royalty, we provide the following community value-added services to address their daily needs of the property owners and residents of our managed residential properties: (i) common area value-added services; (ii) fitness services; and (iii) community convenience services.

The following table sets out a breakdown of our revenue by business line for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Property management services	168,949	74.3	232,737	76.1	367,641	78.6	105,569	84.4	154,923	83.7
Community value-added services	58,420	25.7	73,164	23.9	100,025	21.4	19,577	15.6	30,193	16.3
Total	**227,369**	**100.0**	**305,901**	**100.0**	**467,666**	**100.0**	**125,146**	**100.0**	**185,116**	**100.0**

Revenue model of our property management services. For our property management services, we adopt two revenue models under which we charge property management fees on a lump sum basis or commission basis. Under the lump sum basis, we are generally paid a pre-determined amount of property management fee per GFA for all units on a regular basis, which represents an "all-inclusive" fee for all the property management services provided by us. On the other hand, under the commission basis, we retain as our revenue a fixed amount of commission, which generally represents 8% to 15% of our estimated costs of managing the property. During the Track Record Period and as at the Latest Practicable Date, substantially all of our property management fees were charged on a lump sum basis with the remainder charged on a commission basis. For further details, please see "Business — Property management services — Revenue model of property management services" in this prospectus. The following table sets out a breakdown of our revenue from property management services by revenue model for the periods indicated and the total GFA under management for the periods indicated:

	As at or for the year ended 31 December									As at or for the four months ended 30 April		
	2016			2017			2018			2019		
	Revenue	Revenue	GFA (Note)	Revenue	Revenue	GFA (Note)	Revenue	Revenue	GFA (Note)	Revenue	Revenue	GFA (Note)
	RMB'000	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*
Lump sum basis	168,473	99.7	6,511	231,574	99.5	10,599	366,457	99.7	15,293	154,856	100.0	19,592
Commission basis	476	0.3	103	1,163	0.5	170	1,184	0.3	170	67	0.0	23
Total	**168,949**	**100**	**6,614**	**232,737**	**100**	**10,769**	**367,641**	**100**	**15,463**	**154,923**	**100**	**19,615**

Note: The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging our Group for other property management services.

OUR CUSTOMERS AND SUPPLIERS

Our customer base primarily consists of property developers, property owners' associations and owners or occupants of our managed properties. In FY2016, FY2017, FY2018 and 4M2019, revenue derived from our largest customer, amounted to RMB14.4 million, RMB34.8 million, RMB35.4 million and RMB9.5 million, respectively, representing approximately 6.4%, 11.4%, 7.6% and 5.1%, respectively, of our total revenue. During the same periods, revenue from our five largest customers collectively amounted to RMB35.9 million, RMB59.6 million, RMB69.8 million and RMB22.2 million, respectively, representing approximately 15.8%, 19.5%, 14.9% and 12.0%, respectively, of our total revenue. We have had ongoing business relationships with our five largest customers during the Track Record Period for approximately six years on average.

Our major suppliers are primarily (i) subcontractors which provided cleaning, consulting, maintenance, gardening and landscaping services, (ii) suppliers which provided equipment and machinery. In FY2016, FY2017, FY2018 and 4M2019, purchase from our largest supplier amounted to RMB6.9 million, RMB5.7 million, RMB5.0 million and RMB1.0 million, representing approximately 11.9%, 6.8%, 3.7% and 2.5%, respectively, of our total purchase. During the same periods, purchase from our five largest suppliers amounted to RMB15.7 million, RMB19.6 million, RMB16.1 million and RMB2.7 million, respectively, representing approximately 27.2%, 23.6%, 11.8% and 6.6%, respectively, of our total purchase.

We delegate certain property management services and community value-added services, such as cleaning and maintenance services for certain projects to qualified third party subcontractors which specialise in these services. In FY2016, FY2017. FY2018 and 4M2019, our subcontracting costs amounted to RMB15.3 million, RMB24.4 million, RMB40.7 million and RMB17.1 million, respectively, accounting for approximately 8.6%, 9.6%, 10.2% and 10.9%, respectively, of our total cost of sales.

OUR STRENGTHS

We believe the following competitive strengths are crucial to our success and essential for our future growth: (i) we are an established property management service provider in the PRC capable of attracting new customers and retaining our existing customers; (ii) we are able to provide quality property management services and support our rapid business growth by upholding our business model; (iii) we are capable of offering diversified property management services across various types of properties which allows us to diversify our source of revenue; (iv) we are able to provide diversified community value-added services to our customers; and (v) we have an experienced management team and cohesive operational team with proven execution capabilities.

OUR STRATEGIES

We intend to pursue the following strategies to further position ourselves as a leading comprehensive property management service provider: (i) continue to expand our business by mergers and acquisitions or investments in order to expand our market shares in the property management service industry in the PRC; (ii) continue to scale up our business in non-residential properties to further diversify our revenue streams and growth drivers; (iii) continue to develop our community value-added services and enhance our brand recognition; (iv) invest in intelligent systems to improve our service quality and enhance our customers' experience; (v) upgrade our internal information technology system to enhance operational efficiency; and (vi) continue to recruit more technical and managerial talents and, at the same time, provide training to our existing staff for the expansion of our operations.

SELECTED FINANCIAL INFORMATION, KEY FINANCIAL RATIOS AND OPERATIONAL DATA

The following tables set out our summary of financial information for the periods indicated and should be read together with the combined financial information in Appendix I to this prospectus, including the accompanying notes, and the information set out in the section headed "Financial Information" in this prospectus.

Summary of Combined Statements of Profit and Loss and Other Comprehensive Income Items

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	227,369	305,901	467,666	125,146	185,116
Cost of sales	(178,019)	(254,805)	(399,738)	(103,242)	(156,792)
Gross profit	49,350	51,096	67,928	21,904	28,324
Profit before tax	31,305	27,350	36,933	14,898	14,389
Profit for the year/period	23,194	19,821	27,090	10,055	9,914

Our profit for the year decreased from approximately RMB23.2 million for FY2016 to approximately RMB19.8 million for FY2017 mainly due to the increase in gross profit offset by the increase in (i) selling and distribution expense by 179.6% to RMB3.6 million for FY2017; (ii) administrative expenses by 10.7% to RMB24.8 million for FY2017; (iii) other expenses by 61.3% to RMB0.8 million for FY2017; and (iv) finance cost by 357.9% to RMB2.7 million for FY2017.

As at 31 December 2016, 2017 and 2018 and 30 April 2019, our GFA under management for our property management services amounted to approximately 6.6 million sq.m., 10.8 million sq.m., 15.5 million sq.m. and 19.6 million sq.m., whereas our average management fee per sq.m. per month amounted to approximately RMB2.55, RMB2.23, RMB2.34 and RMB2.27, respectively. For further details, please see "Financial Information — Description of certain combined statements of profit or loss and other comprehensive income items" in this prospectus.

Summary of Combined Statements of Financial Position

	31 December			30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	17,175	39,828	69,281	78,182
Total current assets	210,123	260,574	317,955	317,168
Total current liabilities	155,277	206,505	297,777	296,246
Net current assets	54,846	54,069	20,178	20,922
Total non-current liabilities	40,000	41,671	16,290	14,521
Net assets	32,021	52,226	73,169	84,583
Total equity	32,021	52,226	73,169	84,583

Summary of Combined Statements of Cash Flows

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash flows from operating activities before changes in working capital	35,948	32,671	47,576	17,701	19,595
Net cash flows from/(used in) operating activities	52,290	45,172	35,714	(22,877)	(16,314)
Net cash flows from/(used in) financing activities	45,887	(12,124)	(12,369)	253	(2,561)
Net cash flow from/(used in) investing activities	(19,071)	24,748	(104,509)	(126,699)	(31,396)
Net increase/(decrease) in cash and cash equivalents	79,106	57,796	(81,164)	(149,323)	(50,271)
Cash and cash equivalents at beginning of year/period	65,630	144,736	202,532	202,532	121,368
Cash and cash equivalents at end of year/period	144,736	202,532	121,368	53,209	71,097

During the Track Record Period, our Group had operating cash inflow before movements in working capital of approximately RMB35.9 million, RMB32.7 million, RMB47.6 million and RMB19.6 million, respectively. During the Track Record Period, our operating cash flows recorded a decreasing trend primarily due to (i) the increase in trade receivables; (ii) the increase in prepayments, deposits and other receivables; and (iii) the increase in amounts due from related companies.

For 4M2019, our Group had net cash outflow in operating activities amounting to RMB16.3 million, which was primarily a combined result of operating cash inflow before movements in working capital of RMB19.6 million, income tax paid of RMB11.8 million and increase in working capital of RMB23.9 million. Increase in working capital were primarily reflected by (i) increase in trade receivables by RMB27.0 million which was partially due to the seasonality of cash collections of these trade receivables; (ii) increase in prepayments, deposits and other receivables by RMB7.8 million; and (iii) decrease in trade payables by RMB5.9 million; which was partially offset by (i) decrease in amounts due from related companies by RMB10.0 million; (ii) increase in other payables, deposits received and accruals by RMB1.2 million; and (iii) increase in contract liabilities by RMB6.4 million. Our Directors are of the view that our cash flows from operating activities can be significantly affected by factors such as the timing of collection of trade receivables from customers. To improve our net cash outflow in operating activities in the future, while continuously expanding our business operations through implementing our business strategies, we will put more efforts in receivables collection management in order to reduce our trade receivables. We have undertaken various measures to enhance the timeliness of collection of property management fees and other payments such as payment reminders and payment status notices. For further details, please see "Business — collection of property management fee" in this prospectus.

Key Financial Ratios

	FY2016	FY2017	FY2018	4M2019
Return on equity (%)	103.9	47.1	43.2	N/A
Return on total assets (%)	13.1	7.5	7.9	N/A

	As at 31 December			As at 30 April
	2016	2017	2018	2019
Current ratio	1.4	1.3	1.1	1.1
Gearing ratio *(Note)*	1.6	0.8	0.4	0.4
Net debt to equity ratio	Net cash	Net cash	Net cash	Net cash

Note: Gearing ratio as at 31 December 2016, 2017 and 2018 and 30 April 2019 was calculated based on interest-bearing bank borrowings as at the respective dates divided by total equity as at the respective dates and multiplied by 100%.

The table below sets out the breakdown of our property management services revenue for the periods indicated and our GFA under management and the number of our managed properties by type of property developers as at the dates indicated:

	As at or for the year ended 31 December												As at or for the four months ended 30 April			
	2016				2017				2018				2019			
	Revenue *RMB'000*	Revenue *%*	GFA *sq.m.'000*	Number	Revenue *RMB'000*	Revenue *%*	GFA *sq.m.'000*	Number	Revenue *RMB '000*	Revenue *%*	GFA *sq.m.'000*	Number	Revenue *RMB '000*	Revenue *%*	GFA *sq.m.'000*	Number
Properties developed by Yincheng International Holdings Group/ Yincheng Real Estate Group																
– Preliminary stage *(Note)*	24,963	14.8	1,575	8	34,302	14.7	2,126	10	44,643	12.1	2,181	11	20,819	13.4	2,627	13
– Property owners' associations	39,537	23.4	1,439	15	40,863	17.6	1,443	17	43,115	11.7	1,455	22	14,182	9.2	1,465	25
Sub-total	**64,500**	**38.2**	**3,014**	**23**	**75,165**	**32.3**	**3,569**	**27**	**87,758**	**23.9**	**3,636**	**33**	**35,001**	**22.6**	**4,092**	**38**
Properties developed by independent third party property developers																
– Preliminary stage *(Note)*	2,269	1.3	203	3	8,224	3.5	841	6	17,774	4.8	2,203	11	12,656	8.2	2,303	12
– Property owners' associations	102,180	60.5	3,397	37	149,348	64.2	6,359	69	262,109	71.3	9,624	118	107,266	69.2	13,220	147
Sub-total	**104,449**	**61.8**	**3,600**	**40**	**157,572**	**67.7**	**7,200**	**75**	**279,883**	**76.1**	**11,827**	**129**	**119,922**	**77.4**	**15,523**	**159**
Total	**168,949**	**100.0**	**6,614**	**63**	**232,737**	**100.0**	**10,769**	**102**	**367,641**	**100.0**	**15,463**	**162**	**154,923**	**100.0**	**19,615**	**197**

Note: Preliminary stage revenue refers to property management fees collected under our preliminary property management agreements.

The following table sets out the breakdown of the trade receivables for our property management services before impairment by type of property developers as at the dates indicated:

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties developed by Yincheng International Holding Group/Yincheng Real Estate Group	10,058	21,520	26,395	31,043
Properties developed by independent third party property developers	4,927	8,133	29,187	53,061
Total	**14,985**	**29,653**	**55,582**	**84,104**

The following table sets out the number of public tenders submitted, the number of public tenders won and the tender success rates with respect to property projects developed by Yincheng International Holding Group and/or Yincheng Real Estate Group for the periods indicated:

	FY2016	FY2017	FY2018	4M2019
Residential properties				
Preliminary stage				
Number of public tenders submitted	2	1	10	1
Number of public tenders won	2	1	9	1
Tender success rate (%)	100.0	100.0	90.0	100.0
Completed residential properties				
Number of public tenders submitted	3	1	5	0
Number of public tenders won	3	1	5	0
Tender success rate (%)	100.0	100.0	100.0	–
Non-residential properties				
Number of public tenders submitted	–	–	–	–
Number of public tenders won	–	–	–	–
Tender success rate (%)	–	–	–	–

The following table sets out the number of public tenders submitted, the number of public tenders won and the tender success rates with respect to property projects developed by independent third party property developers for the periods indicated:

	FY2016	FY2017	FY2018	4M2019
Residential properties				
Preliminary stage				
Number of public tenders submitted	6	6	6	1
Number of public tenders won	6	6	5	1
Tender success rate (%)	100.0	100.0	83.3	100.0
Completed residential properties				
Number of public tenders submitted	10	24	36	16
Number of public tenders won	6	18	26	12
Tender success rate (%)	60.0	75.0	72.2	75.0
Non-residential properties				
Number of public tenders submitted	19	34	57	21
Number of public tenders won	12	15	34	10
Tender success rate (%)	63.2	44.1	59.6	47.6

The following table sets out a breakdown of our revenue, gross profit and gross profit margin from property management services by property type for the periods indicated:

	FY2016				FY2017				FY2018				4M2018				4M2019			
	Revenue	*Revenue*	*Gross profit*	*Gross profit margin*	*Revenue*	*Revenue*	*Gross profit*	*Gross profit margin*	*Revenue*	*Revenue*	*Gross profit*	*Gross profit margin*	*Revenue*	*Revenue*	*Gross profit*	*Gross profit margin*	*Revenue*	*Revenue*	*Gross profit*	*Gross profit margin*
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
														(Unaudited)						
Residential properties	110,063	65.1	19,198	17.4	146,763	63.1	11,241	7.7	229,122	62.3	12,655	5.5	73,069	69.2	7,234	9.9	93,003	60.0	8,801	9.5
Non-residential properties	58,886	34.9	12,849	21.8	85,974	36.9	12,449	14.5	138,519	37.7	15,805	11.4	32,500	30.8	5,029	15.5	61,920	40.0	7,969	12.9
Total	**168,949**	**100.0**	**32,047**	**19.0**	**232,737**	**100.0**	**23,690**	**10.2**	**367,641**	**100.0**	**28,460**	**7.7**	**105,569**	**100.0**	**12,263**	**11.6**	**154,923**	**100.0**	**16,770**	**10.9**

Revenue from property management services generated from residential properties generally increased during the Track Record Period, primarily driven by an increase in our total GFA under management. During the Track Record Period, we experienced fast growth in our GFA under management, which was 6.6 million sq.m., 10.8 million sq.m., 15.5 million sq.m. and 19.6 million sq.m. as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively. Revenue from property management services generated from non-residential properties also increased steadily during the Track Record Period, primarily driven by the increased number of the non-residential properties we manage as a result of our business expansion. Our gross profit margin experienced a downward trend during the Track Record Period, primarily due to (i) higher costs incurred in the initial stage of projects when we were engaged to replace then existing property management companies, in order to improve the overall conditions of such properties to meet our usual service standards, which caused the profitability for our projects in their first two to three years to be generally low and resulted in the decrease of our gross profit margins during the Track Record Period due to our continuous business expansion. The number of contracts involved with respect to residential properties and non-residential properties where our Group was engaged to replace the then existing property management companies during the Track Record Period was 46 and 59, respectively. In general, residential properties incur higher costs in the initial stage of projects. In particular, we have recorded eight, 20, 35 and 35 loss-making projects for FY2016, FY2017, FY2018 and 4M2019, respectively, and these projects are expected to make profits in their respective third years and going forward; and (ii) the increase in average salary for our employees as a result of the increase of minimum wages in accordance with government's policies. We recorded higher gross profit margin of our property management services for 4M2018 than FY2018 as we had entered into over 50 property management agreements after 4M2018 and we had incurred higher costs in the initial stage of these projects to replace the then property management companies, in order to improve the overall condition of such properties to meet our usual service standards, which caused the decrease in our gross profit margin for FY2018.

The table below sets out our (i) contracted GFA; (ii) GFA under management; and (iii) the number of managed properties, as at the dates indicated:

	As at 31 December			As at 30 April
	2016	2017	2018	2019
Contracted GFA (Note 1) *('000 sq.m.)*	9,969	14,018	22,296	26,584
GFA under management (Note 2) *('000 sq.m.)*	6,614	10,769	15,463	19,615
Number of managed properties	63	102	162	197

Notes:

1. "contracted GFA" refers to the aggregate of GFA managed or to be managed by our Group under operating property management agreements including both GFA under management and undelivered GFA, and excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging our Group for other property management services.

2. "GFA under management" refers to GFA of properties that have been delivered, or are ready to be delivered by property developers, to property owners, for which we are already collecting property management fees in relation to contractual obligations to provide our services and excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging our Group for other property management services.

The table below sets out the breakdown of our property management services revenue by geographic region for the periods indicated:

	FY2016		FY2017		FY2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Nanjing	153,537	90.9	213,025	91.5	320,070	87.1	130,174	84.0
Yangtze River Delta Megalopolis (excluding Nanjing)	15,412	9.1	19,712	8.5	47,571	12.9	24,749	16.0
Total	**168,949**	**100.0**	**232,737**	**100.0**	**367,641**	**100.0**	**154,923**	**100.0**

OUR LOSS-MAKING PROJECTS DURING THE TRACK RECORD PERIOD

In FY2016, FY2017, FY2018 and 4M2019, we suffered from eight, 20, 35 and 35 loss-making property management agreements, during which they generated revenue of approximately RMB14.7 million, RMB33.5 million, RMB54.3 million and RMB16.9 million, whereas the total costs recognised amounted to approximately RMB16.0 million, RMB38.8 million, RMB60.8 million and RMB20.5 million, respectively. For the eight loss-making projects in FY2016, all these projects started generating profits in FY2018. As to the 20 loss-making projects in FY2017, 19 of these projects started generating profits in 4M2019. During the Track Record Period, there were 83 loss-making projects in total, among which the agreements of 21 projects expired during such period, of which 19 projects had been successfully renewed; and the remaining two projects with respect to property sales offices had been completed as at the Latest Practicable Date. For further details, please see "Risk factors — Failure to renew our property management agreements for loss-making projects may adversely affect our financial performance" and "Business Revenue model of property management services" in this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised), Mr. Huang, Silver Huang and Silver Wutong will together form a group of Controlling Shareholders within the meaning of the Listing Rules and together control approximately 40.91% of the entire issued share capital of our Company. Silver Huang and Silver Wutong are investment holding companies and have not commenced any substantive business activities since their respective incorporation and up to the Latest Practicable Date. Mr. Huang will indirectly through Silver Huang and Silver Wutong hold approximately 40.91% interests, Silver Huang will directly hold approximately 36.04% interests and Silver Wutong will directly hold approximately 4.87% interests, in our Company, respectively.

Our Controlling Shareholders and their respective close associates had been conducting other businesses or holding interests directly or indirectly in certain companies (other than our Group) during the Track Record Period and up to the Latest Practicable Date, namely (i) the Yincheng International Holding Group, a property development company listed on the Main Board of the Stock Exchange; and (ii) the Yincheng Real Estate Group. During the Track Record Period and up to the Latest Practicable Date, Our Group has been providing property management services to the Yincheng International Holding Group and the Yincheng Real Estate Group. As at 30 April 2019, we managed 38 properties developed by the Yincheng International Holding Group and/or the Yincheng Real Estate Group. 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 Listing due to our management, operational and financial independence. For further details, please see "Relationship with our Controlling Shareholders — Independence from our Controlling Shareholders and their Close Associates."

We have also entered into a number of agreements with our connected persons which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon Listing. For further details, please see "Continuing Connected Transactions" in this prospectus.

NEEQ LISTING OF YINCHENG PROPERTY SERVICES

The shares of Yincheng Property Services were listed on the NEEQ on 21 April 2016 with its then stock code being 836726. On 4 April 2018, the then shareholders of Yincheng Property Services resolved to voluntarily delist the shares of Yincheng Property Services from the NEEQ at an extraordinary general meeting. On 24 April 2018, the shares of Yincheng Property Services were delisted from the NEEQ. There was no trading of the shares of Yincheng Property Services when they were listed on the NEEQ. For further details, please see "History, Reorganisation and Corporate Structure — Our Group Structure and Corporate History — Shareholding changes during the Track Record Period and up to the Latest Practicable Date unrelated to the Reorganisation —Yincheng Property Services" in this prospectus.

GLOBAL OFFERING STATISTICS[1]

	Based on Offer Price of HK$1.90	Based on Offer Price of HK$2.28
Market capitalisation of our Shares[2]	HK$506.7 million	HK$516.8 million
Unaudited pro forma adjusted net tangible asset per Share[3]	HK$0.69	HK$0.78

Notes:

(1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

(2) The calculation of market capitalisation is based on 266,680,000 Shares in issue immediately following the completion of the Capitalisation Issue and Global Offering.

(3) The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after adjustments referred to in the section headed "Appendix II — Unaudited Pro Forma Financial Information" and on the basis of 266,680,000 Shares in issue at the Offer Price immediately upon the completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering, after deducting the underwriting fees and expenses payable by us in the Global Offering, of approximately HK$102.6 million (assuming an Offer Price of HK$2.09 per Share, being the midpoint of the Offer Price Range), assuming no exercise of the Over-allotment Option. We currently intend to apply these net proceeds in the following manner:

- approximately 60.0%, or approximately HK$61.5 million, to be used to acquire or invest in the following types of companies located in the Yangtze River Delta Megalopolis: (i) property management companies which have good market recognition to expand our property management portfolio; (ii) companies engaging in the provision of specialised services, such as gardening and landscaping services, and/or possess various kinds of qualifications and licences, such as those required for repair and maintenance of specialised elevators and mechanical car park equipment; and (iii) companies which provide products or services which are complementary to our community value-added services such as community catering services;

- approximately 15.0%, or approximately HK$15.4 million, to be used to invest in intelligent systems by purchasing or upgrading equipment and facilities, such as intelligent access control system at entrances, intelligent car management system with licence plate recognition technology, intelligent fire detection and extinguishing technology, intelligent home management system and other remote surveillance system at our managed properties;

- approximately 10.0%, or approximately HK$10.3 million, to be used to upgrade our internal information technology system, including upgrading our enterprise resource planning management system and digitalised data management system to collect information and track real-time data for better management;

- approximately 5.0%, or approximately HK$5.1 million, to be used to continue to recruit more technical and managerial talents and provide trainings to our existing staff for the expansion of our operations; and

- approximately 10.0%, or approximately HK$10.3 million, to be used to provide funding for our working capital and other general corporate purpose.

DIVIDEND

No dividend has been paid or declared by our Company since its date of incorporation. The dividends declared and settled by our Group to its then shareholders was RMB2.9 million, nil, RMB42.9 million and nil for FY2016, FY2017, FY2018 and 4M2019, respectively. Currently, our Directors aim to propose an annual dividend payment at a payout ratio of not less than 25% of our Group's combined net profit after tax for the financial year subject to due consideration, which shall in no way constitute a legal and binding commitment by our Company that any dividend will be paid and/or in no way obligate our Company to declare a dividend at any time or from time to time. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. For further details, please see "Financial Information — Dividend" in this prospectus.

COMPETITIVE LANDSCAPE

According to the Frost & Sullivan Report, the property management service industry in the PRC is highly competitive and fragmented. There were over 100,000 property management services companies operating in the industry, with the top 10 companies accounting for only approximately 16.1% in terms of revenue in 2018. We primarily compete against large national, regional and local property management companies based on a number of factors, including scale, branding, profitability and service quality. For further details, please see "Business — Competition" in this prospectus.

RISK FACTORS

There are certain risks relating to an investment in the Offer Shares. Some of the particular risks in investing in the Offer Shares are further described in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. The most significant risk factors include: (i) future acquisitions or investments could expose us to risks that may have a material adverse effect on our business, financial condition and results of operations; (ii) we may not be able to grow our property management portfolio as planned, and failure to manage growth effectively may have a material adverse effect on our business, financial condition and results of operations; (iii) termination or non-renewal of our preliminary property management agreements or property management agreements could have a material adverse effect on our business, financial condition and results of operations; (iv) our provision of property management services on a lump sum basis could subject us to losses; (v) increase in labour costs and subcontracting costs could slow our growth, harm our business and reduce our profitability; and (vi) we may not be able to successfully collect property management fees from our customers, which may lead to impairment losses on our receivables.

LISTING EXPENSES

Listing expenses in connection with the Global Offering consist primarily of underwriting commissions and professional fees. We estimate that total expenses in relation to the Listing (assuming an Offer Price of HK$2.09 per Offer Share (being the mid-point of the Offer Price Range) and no exercise of the Over-allotment Option) will be RMB33.9 million. During the Track Record Period, we incurred Listing expenses of RMB2.6 million of which RMB2.0 million was charged to our administrative expenses and RMB0.6 million was capitalised. We expect to incur additional listing expenses of RMB31.2 million, and of which RMB15.9 million is expected to be recognised as administrative expenses and RMB15.3 million is expected to be recognised as a deduction in equity.

LEGAL PROCEEDINGS AND COMPLIANCE

As at the Latest Practicable Date, our Directors were not aware of any current, pending or threatened litigation, claim of arbitration against our Group which could have a material adverse effect on our financial condition or results of operations. During the Track Record Period, we experienced certain incidents of non-compliances including (i) failure to make full contribution to the social security fund and/or housing provident fund for some of our employees as required under the PRC law; (ii) engaging in the business of provision of design and building decoration services without the requisite qualifications and work safety licence; and (iii) operating one fitness room with a GFA of less than 300 sq.m. without possessing the requisite public assembly venue fire safety inspection approval. For further details, please see "Business — Legal Proceedings and Compliance — Legal compliance" in this prospectus.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Subsequent to 30 April 2019 (being the date of our latest audited combined statements of financial position as set out in the Accountants' Report in Appendix I to this prospectus), the number of our managed properties increased by 13 residential properties (with aggregate GFA under management of approximately 2.6 million sq.m.) and 25 non-residential properties (with aggregate GFA under management of approximately 1.0 million sq.m.) as at the Latest Practicable Date. 31 of the properties were located in Nanjing, three were located in Zhenjiang, two were located in Changzhou, one was located in Yangzhou and one was located in Nantong. All of the properties were developed by independent third party property developers. Our aggregate GFA under management increased by 3.6 million sq.m. from 19.6 million sq.m. as at 30 April 2019 to approximately 23.2 million sq.m. as at the Latest Practicable Date. We may experience a decline in our net profit for FY2019 as compared to FY2018, primarily due to listing expenses of RMB33.9 million, RMB17.9 million of which is expected to be recognised as administrative expenses in FY2019.

Our business operations had remained stable after the Track Record Period and up to the date of this prospectus as there were no material changes to our business models and the general economic and regulatory environment in which we operate. Our Directors have confirmed that, since 30 April 2019 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects, and no event has occurred that would materially and adversely affect the information shown in our combined financial statements set out in the Accountants' Report included in Appendix I to this prospectus.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"4M2018"	the four months ended 30 April 2018
"4M2019"	the four months ended 30 April 2019
"Accountants' Report"	the accountants' report on our Group for the Track Record Period set out in Appendix I to this prospectus
"Application Form(s)"	the **WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company (as amended from time to time), conditionally adopted on 15 October 2019 and to take effect upon Listing Date, a summary of which is set forth in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"associated company(ies)"	a company which, in accordance with the IFRS, is recorded using the equity method of accounting in an entity's financial statements
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Business Day" or 'business day'	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the allotment and issue of 199,990,000 Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company as further described in the section headed "A. Further Information about our Group — 4. Written resolutions of our Shareholders passed on 15 October 2019" in Appendix IV in this prospectus

"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 clearing participant or 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 or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Co-Lead Managers"	Victory Securities Company Limited and Silk Road International Capital Limited
"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
"Companies Law" or "Cayman Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company"	Yincheng Life Service CO., Ltd. (銀城生活服務有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 3 April 2019
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the case of our Company, means Mr. Huang, Silver Huang and Silver Wutong collectively

"Deed of Indemnity"	the deed of indemnity dated 21 October 2019 and executed by our Controlling Shareholders in favour of our Company, particulars of which are set out in the section headed "D. Other information — 1. Estate duty, tax and other indemnities" in Appendix IV in this prospectus
"Deed of Non-competition"	the deed of non-competition dated 21 October 2019 and executed by our Controlling Shareholders in favour of our Company regarding certain non-competition confirmations and undertakings provided by our Controlling Shareholders
"Director(s)" or "our Directors"	the director(s) of our Company
"EIT Law"	the PRC Enterprises Income Tax Law (《中華人民共和國企業所得稅法》), which was promulgated on 16 March 2007 and last amended on 29 December 2018
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"Frost & Sullivan Report"	an industry report commissioned by our Company and prepared by Frost & Sullivan for the purpose of this prospectus
"FY or "financial year"	financial year of our Company ended or ending 31 December
"FY2016"	the financial year of our Company ended 31 December 2016
"FY2017"	the financial year of our Company ended 31 December 2017
"FY2018"	the financial year of our Company ended 31 December 2018
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited

"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries at the relevant time or, where the context refers to any time prior to our Company becoming the holding company of our present subsidiaries, such subsidiaries and the business carried on by such subsidiaries or (as the case may be) our predecessors, and "we", "our" or "us" shall be construed accordingly
"HK$" or ''Hong Kong dollars"	Hong Kong dollar(s), the lawful currency of Hong Kong
"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
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	6,668,000 Shares (subject to reallocation) being initially offered by our Company for subscription in the Hong Kong Public Offering, as described in the section headed "Structure and Conditions of the Global Offering"
"Hong Kong Public Offering"	the issue and offer of the Hong Kong Offer Shares for subscription in Hong Kong (subject to reallocation as described in the section headed "Structure and Conditions of the Global Offering") at the Offer Price (plus brokerage, Stock Exchange trading fee and SFC transactions levy) on and subject to the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering named in the section headed "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the Hong Kong underwriting agreement dated 24 October 2019 and entered into by (among other parties) our Company, the Joint Global Coordinators and the Hong Kong Underwriters relating to the Hong Kong Public Offering
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standards issued by IASB

"Independent Third Party(ies)"	a person who, as far as our Directors are aware after having made all reasonable enquiries, is not a connected person of our Company
"International Offering"	the placing of the International Offer Shares at the final Offer Price to professional, institutional and other investors, as described in the section headed "Structure and Conditions of the Global Offering"
"International Offer Shares"	60,012,000 Shares (subject to reallocation and the Over-allotment Option) initially offered by our Company for subscriptions under the International Offering, as described in the section headed "Structure and Conditions of the Global Offering"
"International Underwriters"	the underwriters of the International Offering who are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or around 30 October 2019 by (among other parties) our Company, the Joint Global Coordinators and the International Underwriters relating to the International Offering
"Jiangsu Xinyuan"	Jiangsu Xinyuan Industrial Investment Co., Ltd.* (江蘇新苑實業投資有限公司), a limited liability company established in the PRC on 25 April 2003 and was owned as to 51% and 49% by Mr. Zhu LN and Mr. Zhu Linbin (brother of Mr. Zhu LN), respectively, as at the Latest Practicable Date
"Jincheng Jiaye"	Nanjing Jincheng Jiaye Sales and Consultancy Co., Ltd.* (南京錦城佳業營銷策劃有限公司), a limited liability company established in the PRC on 11 January 2016 and is wholly-owned by Yincheng Real Estate
"Jincheng Jiaye Group"	Jincheng Jiaye and its subsidiaries
"Jinshi Lijing"	Jinshi Lijing Equity Investment (Hangzhou) Partnership (Limited Partnership)* (金石利璟股權投資(杭州)合夥企業(有限合夥)), a limited partnership established in the PRC on 20 February 2017 and owned as to 4.28% by Yincheng Real Estate and 95.72% by 11 Independent Third Parties as at the Latest Practicable Date

"Joint Bookrunners"	ICBC International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, Haitong International Securities Company Limited and UOB Kay Hian (Hong Kong) Limited
"Joint Global Coordintors"	ICBC International Capital Limited and Guotai Junan Securities (Hong Kong) Limited
"Joint Lead Managers"	ICBC International Securities Limited, Guotai Junan Securities (Hong Kong) Limited, Huatai Financial Holdings (Hong Kong) Limited, ABCI Securities Company Limited, Haitong International Securities Company Limited and UOB Kay Hian (Hong Kong) Limited
"Latest Practicable Date"	15 October 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the listing sub-committee of the Stock Exchange
"Listing Date"	the date expected to be on or around 6 November 2019, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board
"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
"Main Board"	the Main Board operated by the Stock Exchange
"Memorandum"	the amended and restated memorandum of association of our Company (as amended from time to time), conditionally adopted on 15 October 2019 and to take effect upon Listing Date, a summary of which is set forth in Appendix III to this prospectus
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD" or "Ministry of Construction"	the Ministry of Housing and Urban-Rural Development of the PRC (中國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中國建設部)
"Mr. Dai"	Mr. Dai Chengshu (戴成書), one of our Substantial Shareholders

"Mr. Huang"	Mr. Huang Qingping (黃清平), our non-executive Director and one of our Controlling Shareholders
"Mr. Ma"	Mr. Ma Baohua (馬保華), our non-executive Director and one of our Shareholders
"Mr. Xie"	Mr. Xie Chenguang (謝晨光), our chairman, non-executive Director and one of our Shareholders
"Mr. Zhu"	Mr. Zhu Li (朱力), our non-executive Director and one of our Shareholders
"Mr. Zhu LN"	Mr. Zhu Linnan (朱林楠), one of our Shareholders and brother of Mr. Zhu Linbin
"Ms. Cao"	Ms. Cao Lian (曹煉), one of our Shareholders
"Nanjing Canze"	Nanjing Canze Construction Engineering Co., Ltd.* (南京燦澤建設工程有限公司), a limited liability company established in the PRC on 28 May 2018 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Nanjing Chengcheng"	Nanjing Chengcheng Corporate Management Consultancy Co., Ltd.* (南京成城企業管理諮詢有限公司), a limited liability company established in the PRC on 14 May 2019 and a wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Nanjing Chuanghe"	Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司), a limited liability company established in the PRC on 21 September 2017 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Nanjing Ensite"	Nanjing Ensite Enterprise Management Consulting Co., Ltd.* (南京恩斯特企業管理諮詢有限公司), a limited liability company established in the PRC on 28 May 2018 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Nanjing Jinghe"	Nanjing Jinghe Agricultural Development Co., Ltd.* (南京京禾農業發展有限公司), a limited liability company established in the PRC on 16 January 2018 and is a wholly-owned subsidiary by Yincheng Real Estate

"Nanjing Kangcheng"	Nanjing Kangcheng Rongan Property Service Co., Ltd.* (南京康城榮安物業服務有限公司), a limited liability company established in the PRC on 11 December 2002 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Nanjing Libiao"	Nanjing Libiao Property Management Co., Ltd.* (南京力標物業管理有限公司), a limited liability company established in the PRC on 25 December 2012 and an indirect non-wholly owned subsidiary of our Company upon completion of the Reorganisation
"Nanjing Ningruisi"	Nanjing Ningruisi Enterprise Management Consulting Co., Ltd.* (南京寧瑞斯企業管理諮詢有限公司), a limited liability company established in the PRC on 28 May 2018 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Nanjing Ningyijia"	Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司), a limited liability company established in the PRC on 24 October 2016 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Nanjing Wanrui"	Nanjing Wanrui Property Management Co., Ltd.* (南京萬瑞物業管理有限公司), a limited liability company established in the PRC on 30 May 2007 and an indirect non-wholly owned subsidiary of our Company upon completion of the Reorganisation
"Nanjing Xianhe"	Nanjing Xianhe Landscape Engineering Co., Ltd.* (南京先禾園林綠化工程有限公司), a limited liability company established in the PRC on 15 August 2016 and an indirect wholly owned subsidiary of our Company upon completion of the Reorganisation
"Nanjing Yinjia'an"	Nanjing Yinjia'an Corporate Management Co., Ltd.* (南京銀嘉安企業管理有限公司), a limited liability company established in the PRC on 2 December 2016 and was wholly-owned by Yincheng Real Estate as at the Latest Practicable Date
"Nanjing Yinjiahuang"	Nanjing Yinjiahuang Corporate Management Co., Ltd.* (南京銀嘉煌企業管理有限公司), a limited liability company established in the PRC on 17 April 2018 and is wholly-owned by Mr. Huang

"Nanjing Yinyirun"	Nanjing Yinyirun Corporate Management Consultancy Co., Ltd.* (南京銀逸潤企業管理諮詢有限公司) (formerly known as Nanjing Yinyirun Investment Management Co., Ltd.* (南京銀逸潤投資管理有限公司)), a limited liability company established in the PRC on 25 June 2015 and was owned as to 50%, 30%, 5%, 5%, 5% and 5% by Yincheng Real Estate, Mr. Li Chunling (our executive Director and president), Ms. Huang Xuemei (our executive Director), Ms. Yin Xiaoli (our senior management member), Ms. Fan Xingxia (our senior management member) and an individual Independent Third Party, respectively, as at the Latest Practicable Date
"NEEQ"	the National Equities Exchange and Quotations Co., Ltd., (全國中小企業股份轉讓系統有限責任公司) a PRC over-the-counter system for trading shares of public companies
"Ningyirun"	Ningyirun Service CO., Limited (寧逸潤服務有限公司), a company incorporated in Hong Kong with limited liability on 30 April 2019 and a wholly-owned subsidiary of our Company
"NDRC"	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)
"Nomination Committee"	the nomination committee of the Board
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$2.28 and expected to be not less than HK$1.90, such price to be determined by agreement between our Company and ICBC International Capital (for itself and on behalf of the Underwriters) on or before the Price Determination Date
"Offer Price Range"	HK$1.90 to HK$2.28 per Offer Share
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares

"Over-allotment Option"	the options expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by ICBC International Capital (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 10,002,000 additional Offer Shares, representing 15% of the initial number of Offer Shares offered under the Global Offering, at the Offer Price to, among other things (such as effecting the permitted stabilising actions as set out in section headed "Structure and Condition of the Global Offering — Stabilisation"), cover over-allocations in the International Offering, if any, as described in the section headed "Structure and Conditions of the Global Offering"
"PBOC"	The People's Bank of China (中國人民銀行)
"PRC" or "China"	the People's Republic of China, excluding, for the purpose of this prospectus, Hong Kong, Macau Special Administrative Region and Taiwan
"PRC Legal Advisers"	Zhejiang T&C Law Firm, the legal advisers to our Company as to the laws of the PRC
"Price Determination Agreement"	the agreement to be entered into between our Company and ICBC International Capital (for itself and on behalf of the other Underwriters) on or before the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date expected to be on or around 30 October 2019, but no later than 4 November 2019, on which our Company and ICBC International Capital (for itself and on behalf of the Underwriters) determine the Offer Price for the purpose of the Global Offering
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Reorganisation"	the corporate reorganisation of our Group prior to the issue of this prospectus, details of which are set out in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus
"RMB"	Renminbi, the lawful currency of the PRC

"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which was changed to State Administration for Market Regulation (國家市場監督管理總局) pursuant to the Circular of the State Council on Establishment of Institutions (國務院關於機構設置的通知) (Guo Fa 2018 No.6) issued by the State Council on 22 March 2018, and, if the context requires, includes its successor, State Administration for Industry and Commerce of the PRC
"SAT"	State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	share(s) with nominal or par value of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Silver Cao"	Silver Cao Holding Limited, a company incorporated in the BVI with limited liability on 29 December 2017 and wholly-owned by Ms. Cao
"Silver Dai"	Silver Dai Holding Limited, a company incorporated in the BVI with limited liability on 29 December 2017 and wholly-owned by Mr. Dai
"Silver Huang"	Silver Huang Holding Limited, a company incorporated in the BVI with limited liability on 29 December 2017 and wholly-owned by Mr. Huang
"Silver Li"	Silver Li Holding Limited, a company incorporated in the BVI with limited liability on 29 December 2017 and wholly-owned by Mr. Zhu
"Silver Ma"	Silver Ma Holding Limited, a company incorporated in the BVI with limited liability on 29 December 2017 and wholly-owned by Mr. Ma

"Silver Wutong"	Silver Wutong Holding Limited, a company incorporated in the BVI with limited liability on 28 January 2019 and wholly-owned by Mr. Huang
"Silver Xie"	Silver Xie Holding Limited, a company incorporated in the BVI with limited liability on 29 December 2017 and wholly-owned by Mr. Xie
"Silver Zhu"	Silver Zhu Holding Limited, a company incorporated in the BVI with limited liability on 29 December 2017 and wholly-owned by Mr. Zhu LN
"Sole Sponsor" or "ICBC International Capital"	ICBC International Capital Limited
"sq.m."	square metres
"Stabilising Manager"	ICBC International Securities Limited
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between the Stabilising Manager and Silver Huang on or around the Price Determination Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and details of which are set out in the section "Substantial Shareholders"
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended or supplemented from time to time
"Track Record Period"	FY2016, FY2017, FY2018 and 4M2019
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

"U.S. Securities Act"	the United States Securities Act 1933, as amended or supplemented from time to time
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's/applicants' own name(s)
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be registered in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
"Yihe Wuxi"	Yihe (Wuxi) Property Services Co., Ltd.* (怡禾(無錫)物業服務有限公司), a limited liability company established in the PRC on 23 May 2007 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Yincheng Fitness"	Nanjing Yincheng Fitness Co., Ltd.* (南京銀城健身有限公司), a limited liability company established in the PRC on 10 January 2012 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Yincheng Huimeijia"	Nanjing Yincheng Huimeijia Home Economics Service Co., Ltd.* (南京銀城惠美佳家政服務有限公司), a limited liability company established in the PRC on 20 March 2013 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Yincheng International"	Yincheng International Holding Co., Ltd. (銀城國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 January 2018 and the shares in which are listed on the Main Board (stock code: 1902)
"Yincheng International Holding Group"	Yincheng International and its subsidiaries

"Yincheng Meijia"	Nanjing Yincheng Meijia Decoration Engineering Design Co., Ltd.* (南京銀城美家裝飾工程設計有限公司) (formerly known as Nanjing Leshuashua Decoration Engineering Design Co., Ltd.* (南京樂刷刷裝飾工程設計有限公司)), a limited liability company established in the PRC on 23 March 2017 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Yincheng Property Services"	Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) (formerly known as Nanjing Yinyan Property Management Co., Ltd.* (南京銀燕物業管理有限公司), Nanjing Yincheng Property Management Co., Ltd.* (南京銀城物業管理有限公司) and Nanjing Yincheng Property Services Holdings Co., Ltd.* (南京銀城物業服務股份有限公司)), a limited liability company established in the PRC on 26 December 1997 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Yincheng Real Estate"	Yincheng Real Estate Group Holding Co., Ltd.* (銀城地產集團股份有限公司), a limited liability company established in the PRC on 27 December 2001 and was owned as to approximately 37.63%, 19.26%, 15.48%, 10.43%, 8.01%, 4.11%, 3.71% and 1.37% by Mr. Huang, Mr. Dai, Nanjing Yinjiahuang, Jiangsu Xinyuan, Mr. Xie, Mr. Ma, Mr. Zhu and Ms. Cao, respectively, as at the Latest Practicable Date
"Yincheng Real Estate Group"	Yincheng Real Estate and its subsidiaries (excluding any member of our Group)
"Yincheng Security"	Jiangsu Yincheng Security Service Co., Ltd.* (江蘇銀城保安服務有限公司) (formerly known as Nanjing Yincheng Security Service Co., Ltd.* (南京銀城保安服務有限公司)), a limited liability company established in the PRC on 1 April 2019, our associated company and owned as to approximately 33.97% by our Group and 66.03% by two individual Independent Third Parties
"Yincheng Technology"	Nanjing Yincheng Technology Co., Ltd.* (南京銀城科技有限公司), a limited liability company established in the PRC on 8 November 2000 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation

"YPS Limited"	Yincheng Property Service Holding Limited, a company incorporated in the BVI with limited liability on 11 April 2019 and a wholly-owned subsidiary of our Company
"%"	per cent

In this prospectus, the English names of the PRC laws, rules, regulations, nationals, entities, governmental authorities, institutions, facilities, awards, certificates and titles etc. marked "" are translations from their Chinese names and are for identification purposes only. If there is any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.*

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.

This glossary contains explanations of certain terms used in this listing document in connection with our Company and our business. The terms and theirs meanings may not correspond to standard industry meaning or usage of these terms.

"common area"	common area in residential properties jointly-owned by the property owners, mainly including parking lots, swimming pools, advertisement bulletin boards, and club houses
"contracted GFA"	aggregate of GFA managed or to be managed by our Group under operating property management agreements including both GFA under management and undelivered GFA, and excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging our Group for other property management services
"GFA"	gross floor area
"GFA under management"	GFA of properties that have been delivered, or are ready to be delivered by property developers, to property owners, for which we are already collecting property management fees in relation to contractual obligations to provide our services and excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging our Group for other property management services
"ISO"	the International Organisation of Standardisation, world-wide federation of national standard system
"lump sum basis"	when the management fees are charged on a lump sum basis, all property management fees collected will be recorded as revenue and all expenses incurred in providing property management services will be recorded as costs or expenses
"O2O"	online to offline
"OHSAS"	Occupational Health and Safety Assessment Series

"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall competitiveness published by China Index Academy based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility
"Yangtze River Delta Megalopolis"	the megalopolis that covers 26 PRC cities, covering Nanjing, Zhenjiang, Yangzhou, Changzhou, Suzhou, Wuxi, Nantong, Taizhou and Yancheng in Jiangsu Province, Hangzhou, Jiaxing, Huzhou, Shaoxing, Ningbo, Zhoushan, Jinhua and Taizhou in Zhejiang Province, Hefei, Wuhu, Chuzhou, Ma'Anshan, Tongling, Chizhou, Anqing, Xuancheng in Anhui Province and Shanghai

This prospectus contains forward-looking statements. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "might", "plan", "project", "propose", "seek", "should", "target", "will", "would" and the negative of these words and other similar expressions, as they relate to the us or our management, are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and our operating and expansion plans;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- future events and developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our ability to control costs;
- our ability to identify and successfully take advantage of new business development opportunities; and
- our dividend policy.

Such statements reflect the current views of our management with respect to future events, operations, profitability, liquidity and capital resources, some of which may not materialise or may change. Actual results may differ materially from information, implied or expressed, in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in "Risk Factors" and the following:

- changes in the laws, rules and regulations applicable to us;
- general economic, market and business conditions in the PRC, including the sustainability of the economic growth in the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- business opportunities and expansion that we may pursue;
- our ability to identify, measure, monitor and control risks in our business, including our ability to improve our overall risk profile and risk management practices; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section as well as the risk factors set out in "Risk Factors".

In this prospectus, statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

An investment in our Shares involves various risks. You should carefully consider all the information in this prospectus and, in particular, the risks and uncertainties described below before making an investment in our Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the trading price of our Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorised as (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Future acquisitions or investments could expose us to risks that may have a material adverse effect on our business, financial condition and results of operations.

In the future, we plan to evaluate opportunities to acquire or strategically invest in other companies that complement our existing businesses to expand our business scale and integrate their operations into our business. We plan to explore acquisition or investment targets preferably in Yangtze River Delta Megalopolis which are (i) companies providing property management services which have good market recognition to expand our property management portfolio; and (ii) companies which are engaged in the provision of specialised services, such as gardening and landscaping services, and/or possess various kinds of qualifications and licences, such as those required for repair and maintenance of specialised elevators and mechanical car park equipment; and (iii) companies which provide products or services which are complementary to our community value-added services. We can consolidate the respective specialties of these acquisition or investment targets and provide complementary services to our customers such as community catering services.

However, we cannot assure that we will be able to identify suitable investment opportunities and acquisitions or investment involve inherent risks and uncertainties, including, without limitation, potential ongoing financial obligations and unforeseen or hidden liabilities in connection with the acquisition or investment targets, inability to apply our business model or standardised business processes on the acquisition or investment targets, failure to achieve the intended acquisition or investment objectives or benefits, diversion of resources and management attention from managing our existing business operations, and increase in depreciation and amortisation costs arising from the acquired or invested property, plant and equipment and intangible assets as a result of the acquisition. Even if we can identify suitable acquisition targets, we may not be able to complete the acquisitions or investment on terms favourable to us, in a timely matter, or at all. As a result, our competitiveness and growth prospects could be materially and adversely affected. Furthermore, we may face difficulties in integrating acquired or invested operations as we continue to expand our operations through acquisition. Such post-acquisition or post-investment difficulties could disrupt our business operations, distract our management or increase our operating expenses, any of which could materially and adversely affect our business, financial condition and results of operations.

Approximately 60.0%, or HK$61.5 million, of the proceeds raised from this Global Offering will be used to pursue strategic acquisition or investment opportunities. For further details, please see "Business — Our Strategies" and "Future Plans and Use of Proceeds — Use of Proceeds". If we fail to identify suitable acquisition or investment opportunities or our future acquisition or investment transactions fail to consummate for other reasons which may be beyond our control, our proceeds from this Global Offering may not be effectively used.

We may not be able to grow our property management portfolio as planned, and failure to manage growth effectively may have a material adverse effect on our business, financial condition and results of operations.

We have experienced stable growth and expanded our business in recent years. The total GFA of our managed properties increased from approximately 6.6 million sq.m. as at 31 December 2016 to approximately 15.5 million sq.m. as at 31 December 2018, which further increased to 19.6 million sq.m. as at 30 April 2019. We seek to continue to grow our property management portfolio in respect of residential properties and non-residential properties in existing and new markets.

However, our expansion is based on our forward-looking assessment of the property management market. There is no assurance that our assessment will always turn out to be correct or we can grow our property management portfolio as planned. Our growth may be affected by a number of factors beyond our control, such as the economic condition in the PRC, developments in the property market, supply and demand of the property management services and community value-added services, changes in government regulations and our ability to obtain adequate financing for our growth. There is also a time gap between our commencement of property management services for a particular property and the implementation of our systems to that property to reduce costs and to generate profits.

In circumstances where we expand into a new market, we may have limited knowledge of the local property management service market, which could be substantially different from those in our established markets. We may not have established relationships with local subcontractors, suppliers and other business partners as we do in our established markets. We may not be able to leverage our goodwill in a new market as we have done so in our established markets, and may face intense competition from the local property management service providers which might have more resources and experience than we do.

To accomplish our strategies and manage the future growth of our operations, we will be required to enhance our service quality, improve our operational and financial systems, and hire, train, retain and manage our growing employee base. We will also need to maintain and expand our relationships with our customers, subcontractors, suppliers, business partners and other third parties.

The selection of a property management company depends on a number of factors, including but not limited to the quality of services provided, the level of pricing and the operating history of the property management company. There is no assurance that we will be able to procure new property management agreements in the future. If we are unable to grow our property management portfolio as planned or manage our future growth effectively, we may not be able to take advantage of the market opportunities which may have a material adverse effect on our business, financial condition and results of operations.

Termination or non-renewal of our preliminary property management agreements or property management agreements could have a material adverse effect on our business, financial condition and results of operations.

Revenue from our property management services amounted to RMB168.9 million, RMB232.7 million, RMB367.6 million and RMB154.9 million, representing approximately 74.3%, 76.1%, 78.6% and 83.7% of our total revenue in FY2016, FY2017, FY2018 and 4M2019, respectively. Our property management services are provided in accordance with the preliminary property management agreements we enter into with property developers or property management agreements we enter into with the property owners' associations.

Our preliminary property management agreements are transitional in nature to facilitate the transfer of legal and actual control of the properties from property developers to property owners. Our preliminary property management agreements generally expire when the property owners' associations enter into the property management agreements. There is no assurance that the relevant property owners' associations will decide to enter into property management agreements with us instead of other property management companies. Once the property owners' associations enter into property management agreements with other companies, our preliminary property management agreements will automatically terminate.

In relation to our property management agreements, they generally have fixed terms which will need to be renewed upon expiry. There is no assurance that such agreements will not be terminated prior to expiration for cause or renewed upon expiration. In the event of such termination or non-renewal, our business, results of operations and financial condition could be materially and adversely affected.

As at 30 April 2019, our community value-added services covered 89 residential communities and seven mix-use non-residential properties. The growth of our community value-added services depends in part on the number of communities we manage under our property management services. As a result, termination or non-renewal of our preliminary property management agreements or property management agreements could also adversely affect the performance of our community value-added services.

Our provision of property management services on a lump sum basis could subject us to losses.

During the Track Record Period, substantially all of our property management fees were charged on a lump sum basis with the remainder charged on a commission basis. Under the lump sum basis, we are generally paid a pre-determined amount of property management fee per GFA for all units, which represents an "all-inclusive" fee for all the property management services provided by us and our subcontractors. Thus, we have to bear all costs involved in providing our property management services as specified in our property management agreements, including, among others, labour costs for security, cleaning and gardening, repair and maintenance services and general overhead covering the properties. If any excess expenditure is incurred, we are generally not entitled to request that our customers to pay us the shortfall. Hence, under the lump sum basis, our costs saving ability through the course of our provision of the property management services, has a direct correlation to our profitability.

As we adjust our property management fees when the property management agreements are renewed, we may have to bear the increased costs upfront before we can increase our property management fees in the next adjustment when renewing the property management agreements. In the event that we fail to accurately anticipate our actual costs prior to negotiating and entering into our property management agreements and the property management fees we collect are insufficient to cover all the management expenses incurred, we may be unable to collect the shortfall from property developers and owners. We also cannot guarantee that we will be able to adequately control our costs in the course of providing our property management services. Our ability to mitigate against such losses through cost saving initiatives may not be successful. Any losses we sustain may materially and adversely affect our profitability, financial condition and results of operations.

Failure to renew our property management agreements for loss-making projects may adversely affect our financial performance

In FY2016, FY2017, FY2018 and 4M2019, we suffered from eight, 20, 35 and 35 loss-making property management agreements, during which they generated revenue of approximately RMB14.7 million, RMB33.5 million, RMB54.3 million and RMB16.9 million, whereas the total costs recognised amounted to approximately RMB16.0 million, RMB38.8 million, RMB60.8 million and RMB20.5 million, respectively. This is primarily due to higher material and equipment costs incurred in the initial stage of projects when we were engaged to replace the then existing property management companies, in order to improve the overall conditions of such projects to meet our usual service standards, which caused the profitability for such projects in their first two to three years to be generally low. During the initial stage of the project, we generally incurred higher costs including overhaul, costs incurred for repair and renovation of public facilities for properties we took over, such as renovation of residential access control and rainwater pipes, construction of community road and parking lot, upgrade of monitoring system and fire protection. Based on the experience of our Directors, we generally expect such projects to make profits in their third years and going forward. As our property management agreements entered into with property owners' associations generally have a term of one year to three years, our ability to recover the initial costs incurred in these projects depends on our ability to renew our property management agreements. If we are unable to renew our property management agreements for our loss-making projects, we may be unable to recover our initial cost incurred during the initial stage, hence our financial performance may be adversely affected.

Increase in labour costs and subcontracting costs could slow our growth, harm our business and reduce our profitability.

The property management service industry is a labour-intensive industry. Labour costs included in cost of sales amounted to RMB128.1 million, RMB177.8 million, RMB274.1 million and RMB113.8 million, representing the largest component of our cost of sales and accounted for approximately 72.0%, 69.8%, 68.6% and 72.6% of our cost of sales in FY2016, FY2017 and FY2018 and 4M2019, respectively. Staff costs included in administrative expenses amounted to RMB12.6 million, RMB18.0 million, RMB20.7 million and RMB7.1 million, representing the largest component of our administrative expenses and accounted for approximately 56.5%, 72.6%, 69.6% and 60.8%, respectively, of our administrative expenses in FY2016, FY2017, FY2018 and 4M2019. In addition, we outsource certain functions, including cleaning and maintenance services, to subcontractors. In FY2016, FY2017, FY2018 and 4M2019, subcontracting costs amounted to RMB15.3 million, RMB24.4 million, RMB40.7 million and RMB17.1 million, respectively, representing approximately 8.6%, 9.6%, 10.2% and 10.9% of our cost of sales, respectively. To maintain and improve our profitability, it is important for us to control and manage our labour costs and subcontracting costs. However, we face increasing pressure in relation to labour costs and subcontracting costs from various aspects. With the rapid growth of China's economy and property management service market, the average labour costs in the property management market has risen in the recent years. In addition, during the Track Record Period and up to the Latest Practicable Date, we also charged substantially all of our property management fees on a lump sum basis under which we bore all the expenses associated with providing our property management services, including labour costs and subcontracting costs. To the extent we are unable to increase the level of our property management fees sufficiently to pass the increases in labour costs or subcontracting costs onto our customers or effectively control and manage our labour costs and subcontracting costs, our business, financial condition and results of operations may be materially and adversely affected.

As we continue to expand our operations, we also expect to increase our total headcount by retaining and continuously recruiting qualified employees. The competition for recruiting qualified and experienced employees in the property management service industry in the PRC is intense and could require us to pay higher wages for recruitment and retention of our employees. Any future inability to recruit and retain qualified employees and subcontractors may also delay the growth in our property management portfolio, and could also materially and adversely impact our property management operations at our managed properties.

We may not be able to successfully collect property management fees from our customers, which may lead to impairment losses on our receivables.

We may encounter difficulties in collecting property management fees from our customers, especially in communities with relatively high vacancy rate or where we are newly engaged as the property management company. Even though we seek to collect overdue property management fees through various collection measures, we cannot assure you that such measures will be effective. Though before accepting new engagements, we assess the historical collectability of management fees in these properties, there is no assurance that such assessment would enable us to accurately predict our future collection rate.

Our trade receivables increased from RMB17.9 million as at 31 December 2016 to RMB30.3 million as at 31 December 2017, and further increased to RMB55.5 million as at 31 December 2018 and RMB88.0 million as at 30 April 2019, respectively. At the same time, our average turnover days of trade receivables were 31.2 days, 41.0 days, 52.5 days and 64.0 days, respectively, during the Track Record Period. For further details, please see "Financial Information – Description of Certain Items of Combined Statements of Financial Position – Trade Receivables". Although our management's estimation and the related assumptions have been made in accordance with the information currently available to us, such estimation or assumptions may need to be adjusted if new information becomes known. In the event that the actual recoverability is lower than expected, or that our past provision for impairment of trade receivables becomes insufficient in light of the new information, we may need to make more provision for impairment of trade receivables, which may in turn materially and adversely affect our business, financial condition and results of operations.

We had net cash outflow in our operating activities for 4M2018 and 4M2019 and may face financial difficulties in the future if we fail to maintain effective cash flow management.

We had net cash outflow in operating activities of approximately RMB22.9 million and RMB16.3 million for 4M2018 and 4M2019. For further details, please see ''Financial information — Liquidity and capital resources — Cash flow — Operating activities'' in this prospectus. Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. We cannot assure you that we will be able to generate net cash inflows in operating activities. Our liquidity and financial position may be materially and adversely affected by net operating cash outflows and we cannot assure you that we will have sufficient cash from other sources to fund out operations. If we resort to other financing activities to generate additional cash, we may incur financing costs and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all.

We are exposed to fair value change for financial assets at fair value through profit or loss and valuation uncertainty due to the use of unobservable inputs

As at 31 December 2016 and 2017, our available-for-sale financial assets (comprising unlisted fund investment and limited partnership investment respectively) amounted to RMB37.7 million and RMB8.7 million, respectively. During the Track Record Period, our investment income from the unlisted fund investment amounted to RMB2.5 million, RMB5.7 million, RMB6.6 million and RMB0.5 million, respectively. Under IFRS 9 that we have adopted since 1 January 2018, our available-for-sale financial assets were reclassified to financial assets at fair value through profit or loss. As a result, (i) the balance amount of available-for-sale financial assets was nil and nil as at 31 December 2018 and 30 April 2019 and (ii) the balance amount of financial assets at fair value through profit or loss amounted to RMB17.2 million and RMB17.6 million as at 31 December 2018 and 30 April 2019, respectively. The gain/loss arising from changes in fair values of these assets being recognised in our combined statement of profit or loss and other comprehensive income are non-recurring in nature. Please see Notes 19, 20 and 36 to the Accountants' Report set out in Appendix I to this prospectus. During the Track Record Period, the fair value of our financial assets at fair value through profit or loss was determined using the valuation pricing model with reference to unobservable inputs of the underlying investment's price and was categorised as level 3 of fair value measurement. Changes in these unobservable inputs will affect the estimated fair value of our financial assets at the end of each of the financial reporting year/period. Given the inherent uncertainties in measuring the fair value of our financial assets at fair value through profit or loss, any material and adverse changes in fair value could materially and adversely affect our financial position and results of operations.

The collection of our trade receivables is subject to seasonal fluctuations.

We experienced seasonal fluctuations in the collection of our trade receivables during the Track Record Period and expect to continue experiencing such seasonal fluctuations going forward. Owners of our managed properties tend to settled outstanding property management fee balances toward the second half of the year. In general, our trade receivable amounts increase throughout the year and decrease toward the end of the year when owners of our managed properties pay their outstanding property management fee balances. Consequently, a comparison of our outstanding trade receivables and collection rates between different points in time within a single financial year and any comparison of trade receivables turnover days for an interim period with that of a full financial year may not be necessarily meaningful and should not be relied upon as indicators of our financial performance. Seasonal fluctuations in our collection rates and trade receivables require that we manage our liquidity carefully so as to provide our business with adequate cash for operations. Any inability to ensure adequate liquidity could cause us to incur higher financing costs and hamper our ability to expand and grow our operations, which could in turn materially and adversely affect our business, financial position and results of operations.

We engage subcontractors to perform some of our services to customers, and we may be exposed to liabilities arising from or relating to disputes and claims in relation to services provided by our subcontractors which are beyond our control.

We engage subcontractors to perform some of our property management services and community value-added services including cleaning and maintenance services. In FY2016, FY2017, FY2018 and 4M2019, subcontracting costs amounted to approximately RMB15.3 million, RMB24.4 million, RMB40.7 million and RMB17.1 million, respectively, representing approximately 8.6%, 9.6%, 10.2% and 10.9% of our cost of sales, respectively. We may not be able to monitor such services as directly and efficiently as with our own services. Subcontractors may take actions contrary to our instructions or requests, or be unable or unwilling to fulfil their obligations in accordance with the subcontracting agreements. The substandard services provided by our subcontractors could damage our reputation, result in additional expenses and business disruptions and potentially expose us to litigation and damage claims from our customers. In addition, we could also be required to indemnify customers for work performed by our subcontractors. There is no guarantee that we will be able to do so. In addition, when our existing subcontracting agreements expire, there can be no assurance that we will be able to renew such agreements or find suitable replacements in a timely manner, on terms favourable to us, or at all. Any of such events could materially and adversely affect our service quality, our reputation, as well as our business, financial condition and results of operations.

Moreover, we may become, or may be joined as, a defendant in litigation or other proceedings brought against our subcontractors. These proceedings could involve claims alleging, among other things, the failure of services provided by our subcontractors to conform to required quality standards, false or misleading representations made by our subcontractors in relation to the services provided, property damage or personal injuries arising from the services provided by our subcontractors and infringement of third parties' intellectual property rights by our subcontractors in connection with the services provided. We may be required to pay damages as a result of such litigation or other proceedings. We may also be subject to administrative fines and ordered to cease provision of the relevant services. In the event of serious offences, our business licence may be suspended or revoked, and we may be investigated or even prosecuted under PRC criminal laws. Any of the foregoing events could harm our brand and reputation, divert our management's attention and other resources and have a material adverse effect on our business, financial condition and results of operations.

Our community value-added services may not grow as planned and we may not be able to attract and retain sufficient interest from property owners and residents of our managed residential properties, which could adversely affect our profitability.

For FY2016, FY2017, FY2018 and 4M2019, revenue generated from our community value-added services amounted to approximately RMB58.4 million, RMB73.2 million, RMB100.0 million and RMB30.2 million, respectively, representing approximately 25.7%, 23.9%, 21.4% and 16.3% of our total revenue for the respective periods. We plan to attract increased usage of our community value-added services by property owners and residents in the residential properties we manage and we also regularly seek to introduce different products and services through our "Living+" social media account. We must stay abreast of the emerging lifestyle and consumer preferences that will appeal to existing and potential users. Due to the limited operating history of providing community value-added services, we cannot assure you that we will be able to successfully grow our community value-added services or generate the same level of profit or revenue as before. As we may have limited experience with such new products and services, there can be no assurance that property owners and residents will respond favourably to them.

New products and services, or entrance into new markets, may require substantial time and resources and profitability targets may not be achieved. If we fail to provide satisfied products and services at attractive price to attract or retain sufficient interests from property owners and residents of our managed residential properties as planned, they may lose interest in our "Living+" social media account and may not choose our community value-added services or turn to competing service providers. In such event, we will not be able to successfully develop our community value-added services or introduce more revenue-generating community value-added and other services, and our profitability could be adversely affected.

Our pricing of property management fees under preliminary property management agreements and for affordable housing is subject to the performance, policies, laws and regulations on the PRC property market.

We derived a significant portion of our revenue from our property management services during the Track Record Period and up to the Latest Practicable Date. The performance of our property management services is primarily dependent on the amount of our GFA under management and number of our managed properties. Therefore, the growth potential of our property management services is, and will likely continue to be, affected by PRC policies, laws and regulations on the property market.

For our managed properties, approximately 26.9%, 27.6%, 28.4% and 25.1%, respectively, of our GFA under management was under price control in FY2016, FY2017, FY2018 and 4M2019. Approximately 16.1%, 18.2%, 16.9% and 21.6%, respectively, of our total property management services revenue was under price control during the same periods. For more details, see "Regulatory Overview — Property Management Services — Property Management Service Charges." 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 (the "**Circular**") (《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), which requires provincial-level price administration authorities to abolish all price control or guidance policies on residential properties other than affordable housing and preliminary property management agreements. The competent price administration departments at provincial level and the administrative departments of housing and urban-rural development at provincial level have the authority to decide whether to implement government guidance prices for charges of property management fees for affordable housing, housing-reform properties and properties in old residential area and management fees under preliminary property management agreements based on actual situation. We expect the price controls on residential properties to relax over time pursuant to the Circular. However, our property management fees will continue to be subject to price controls until local regulations implementing the Circular are passed and we cannot guarantee that the PRC government may not reverse its policy and re-impose limits on property management fees. Government price control policies may have a negative impact on our profitability as such restrictions may lower the prices we may charge. In addition, since we charge property management fees for part of the properties managed by us in terms of the GFA under management on a lump sum basis, our business, financial condition and results of operations may be materially and adversely affected if we are unable to increase the level of our property management fees sufficiently to pass any increases in costs to our customers.

Furthermore, the PRC government has implemented a series of measures to control the economic growth in recent years. In particular, the PRC government has continued to introduce various restrictive measures to discourage speculative investments in the property market, such as imposing controls over the land supply for property development, foreign exchange controls, restrictions against property development financing, additional taxes and levies on property sales and foreign investments in the property market in the PRC. Such government measures may negatively affect sales and the delivery schedules of the properties we service, therefore limiting our growth potential and resulting in a material adverse effect on our business, financial condition and results of operations.

We operate in a highly competitive industry with numerous competitors and we may not be able to compete successfully against our competitors.

According to Frost & Sullivan, the property management service industry is fragmented and highly competitive, with over 100,000 companies operating in the industry in 2018. We compete against other property management companies in the PRC with respect to a wide range of factors including, among others, service quality, brand recognition, level of pricing, innovation, cost efficiency and financial resources. Moreover, our community value-added services face competition from other companies providing similar services to customers. For further details, please see "Industry Overview — Competitive Landscape" in this prospectus.

Competition in our industry may intensify as our competitors expand their products or service offerings, or as new competitors enter our existing or new markets. Our competitors may have longer operating histories and greater financial, technical and other resources. They may also have better track records, greater brand recognition and larger customer bases. As a result, these competitors may be able to devote more resources to the development, promotion and sale of their services. Our competitors may seek to replicate our business model and we may lose our competitive edge if we fail to continue to evolve. There can be no assurance 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 condition and results of operations.

A significant portion of our operations is concentrated in Nanjing, and we are susceptible to trends and developments in these regions.

A significant portion of our operations is concentrated in Nanjing. As at 31 December 2016, 2017 and 2018 and 30 April 2019, the GFA under management located in Nanjing represented approximately 88.6%, 85.3%, 79.1% and 75.1% of the GFA under management, respectively. Our property management services revenue generated from our managed properties in Nanjing amounted to approximately 90.9%, 91.5%, 87.1% and 84.0% of the total property management services revenue, respectively, in FY2016, FY2017, FY2018 and 4M2019. Though we have further expanded our managed properties to other cities such as Wuxi, Suzhou and Changzhou, we expect that Nanjing will still continue to account for a significant portion of our operations in the near future. If Nanjing experiences any adverse economic conditions, such as an economic downturn, natural disaster or terrorist attack, or if the local government adopts regulations that place additional restrictions or burdens on us or on the property management service industry in general, our business, financial condition and results of operations could be materially and adversely affected.

Some of our revenue is generated from property management services we provide in relation to the property development projects of Yincheng International Holding Group and/or Yincheng Real Estate Group.

During the Track Record Period, the GFA under management of properties developed by Yincheng International Holding Group and/or formerly developed by Yincheng Real Estate Group was approximately 3.0 million sq.m., 3.6 million sq.m., 3.6 million sq.m. and 4.1 million sq.m., representing approximately 45.6%, 33.1%, 23.5% and 20.9% of our GFA under management, respectively. Any adverse development in the operations of Yincheng International Holding Group or its ability to develop new properties may affect our ability to procure new property management agreements. We cannot assure you that Yincheng International Holding Group will engage us as their property management service provider for any property they develop, particularly because the appointment of property management companies is generally subject to the tender and bidding process prescribed under the PRC law. If we are not able to maintain the number of our managed properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group, our results of operations and growth prospects may be materially and adversely affected.

We may not be able to maintain our historical growth rate and our results of operations during the Track Record Period may not be indicative of our future financial performance.

We experienced rapid growth in revenue and profitability historically. Our revenue increased from RMB227.4 million in FY2016 to RMB467.7 million in FY2018. Our revenue increased by 47.9% from RMB125.1 million for 4M2018 to RMB185.1 million for 4M2019. Our net profit increased from RMB23.2 million in FY2016 to RMB27.1 million in FY2018. We cannot assure you that we will be able to maintain a similar rate of growth. Our net profit decreased by 1.4% from RMB10.1 million for 4M2018 to RMB9.9 million for 4M2019. For more information and analysis on the fluctuation in our historical performance, see "Financial Information" in this prospectus.

There is no guarantee that we will continue to be able to increase the number of our property management agreements or our GFA under management, nor that we will be able to succeed in our business development going forward. Moreover, we will continue to face challenges related to rising labour and subcontracting costs and intensive competition for employees and business opportunities. The effects of changing regulatory, economic or other factors beyond our control may also have material adverse effects on our business. Therefore, investors should not rely on our historical results of operations to predict our future financial performance.

We may be required to make additional contributions of social security fund and/or housing provident fund under PRC laws and regulations.

Under relevant PRC laws and regulations, we are required to make social security fund and housing provident fund contributions for our employees. During the Track Record Period, we failed to make full contributions to the social security fund and/or housing provident fund for some of our employees as required under the PRC law. As advised by our PRC Legal Advisers, in respect of outstanding social security fund contributions, if the competent government authority is of the view that the social security fund contributions we made for our employees do not satisfy the requirements under the relevant PRC laws and regulations, we might be ordered to pay the unpaid amount within a certain period and a late fee that equals to 0.05% of the total unpaid amount per day, failing which we may be subject to a fine ranging from one to three times of the total unpaid amount of the social security fund. In respect of the outstanding housing provident fund contributions, if the competent government authority is of the view that the housing provident fund contributions we made for our employees do not satisfy the requirements under the relevant PRC laws and regulations, it can order us to pay the outstanding balances to the relevant local authority within a prescribed period, failing which it can apply to the People's Court for compulsory enforcement. As at the Latest Practicable Date, we had not received any notification from the relevant authorities demanding payment of the social security or housing provident funds.

We cannot assure you that we will not be subject to any order to rectify the non-compliance in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of social security or the housing provident funds against us, or that we will not receive any claims in respect of social security or housing provident funds under PRC laws and regulations. In addition, we may incur additional expenses to comply with such laws and regulations by the PRC government or relevant local authorities.

Our rights to use our leased properties could be challenged by third parties, or we may be forced to relocate due to title defects or lack of valid lease agreements, or we may be liable for failure to register our leased agreements, which may result in a disruption of our operations and subject us to penalties.

As at the Latest Practicable Date, 19 properties with a total GFA of approximately 1,007 sq.m. were leased from lessors who were unable to provide sufficient or valid ownership certificates or other ownership documents. These leased properties are being used as offices. In addition, as at the Latest Practicable Date, we occupied ten properties with a total GFA of approximately 375.9 sq.m. for use of offices without valid lease agreements primarily due to expiry of the relevant lease agreements. Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorised use of these properties, could require us to relocate our offices occupying these properties. If any of our lease agreements are terminated or voided as a result of challenges from third parties or the government, we would need to seek alternative premises and incur relocation costs. Any relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and growth prospects. Based on information currently available to us, we believe that there are alternative properties at comparable rental rates readily available on the market and the estimated total relocation cost and time will not be material. In addition, there can be no assurance that the PRC government will not amend or revise existing property laws, rules or regulations to require additional approvals, licences or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use. For more details of these legal irregularities, see "Business — Properties — Leased Properties."

As at the Latest Practicable Date, among the 39 properties that we leased, 38 leased agreements were not filed with the local housing administration authorities as required under the PRC laws and regulations. As advised by our PRC Legal Advisers, we might be ordered to rectify the non-filing by the competent authorities and if we fail to rectify within a prescribed period, a penalty of up to RMB10,000 per agreement may be imposed on us as a result of such non-filing. It is not clear under the PRC law 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 licences 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 relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, the total amount of potential penalty is expected to be up to RMB380,000.

We are exposed to risks in relation to work safety and occurrence of accidents, which could materially and adversely affect our reputation, business, financial condition and results of operations.

Work injuries and accidents may occur when providing our property management services. For example, when our employees provide repair and maintenance services to the specialised elevators, escalators and mechanical car park equipment of the residential communities managed by us, there are inherent occupational risks or accidents occurring due to the nature of the services being performed. 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 that resulted in a material and adverse effect on our business, financial condition and results of operations. Nevertheless, there can be no assurance that any such incident or accident, which could result in property damage, personal injury or even death to the occupants, property owners or our employees will not occur in the future. In such event, we may be held liable for the losses and such occurrence will also damage our reputation within the property management service industry. We may also be exposed to claims of negligent or reckless behaviour on the part of our employees. We may also experience interruptions to our business operations and may be required by government authorities to change the manner in which we operate following any incidents or accidents. Any of the foregoing could materially and adversely affect our reputation, business, financial condition and results of operations.

Our business may be adversely affected if we fail to obtain or renew, or experience material delays in obtaining, requisite qualifications, government approvals, permits, licences or certificates necessary for our business operations.

We possess multiple qualifications and licences which enable us to provide our customers with comprehensive and diversified property management services and community value-added services, including repair and maintenance of specialised elevators, escalators and mechanical car park equipment. For further details, please see " Business — Licences, Permits and Certificates" in this prospectus. We must meet the specific conditions for the government authorities to issue or renew any qualifications, certificate or permit. We also cannot guarantee that we will be able to adapt to new rules and 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 or renew all necessary qualifications, certificates or permits for our operations in a timely manner, or at all, in the future. In the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing the necessary government approvals for our operations, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

During the Track Record Period, we were engaged in the business of provision of design and building decoration services without the requisite qualifications and licences. For further details, please see "Business — Legal Proceedings and Compliance — Legal Compliance" in this prospectus. If the relevant PRC government authorities decide to impose penalties on us in relation to our historical non-compliance incidents in the future, our business, financial condition and results of operations may be affected.

Negative publicity and adverse information about us, our Shareholders and affiliates, our brand and management may have a material adverse effect on our business, reputation and the trading price of our Shares.

Negative publicity about us, our Shareholders and affiliates, the properties we manage, our brand, management and other aspects of our business operations may arise from time to time. They may appear in the form of comments on internet postings and other media sources, and we cannot assure you that other types of negative publicity will not arise in the future. For example, in the event that we fail to meet our customers' expectations as to the quality of our services, our customers may disseminate negative comments on social media platforms. Our subcontractors may also become the subject of negative publicity for various reasons, such as customer complaints about the quality of their services. Such occurrences may damage our reputation and we may lose customer confidence. In the long term, this would affect our future ability to attract and retain new customers and employees and may suffer material adverse effects to our business and brand.

Our success depends on our ability to retain our key management team and to recruit, train and retain qualified and experienced personnel.

Our success depends upon the efforts of our Directors, senior management and other key employees. Our management team is comprised of knowledgeable and experienced professionals with a proven track record in the property management service industry, which is invaluable to the development of our business in the property management service industry in the PRC. Our management team members possess in-depth knowledge in the property management service industry, demographics and customer preferences in the PRC. Our experienced management team is led by Mr. Li Chunling, who is primarily responsible for the overall strategic decision, business planning and daily management and operation of our Group. Mr. Li has more than 23 years of experience in the hotel and real estate industry in the PRC. For further details, please see "Directors, Senior Management and Employees" in this prospectus.

If any of our Directors, senior management and other key employees leaves and we are unable to promptly identify and appoint or employ a qualified replacement, our business, financial condition and results of operations may be materially and adversely affected. In addition, the future growth of our business will also depend on our ability to recruit, train and retain qualified and experienced personnel in all aspects of our business. If we are unable to recruit, train and retain qualified personnel, our growth may be limited and our business, financial condition and operating results could be materially and adversely affected.

Expansion of our business may expose us to increased risks of non-compliance with the laws and regulations in new products and services.

As we expand our operations into new products and services, we expect to become subject to an increasing number of laws and regulations. In addition, as the size and scope of our operations increase, the difficulty of ensuring compliance with the various laws and regulations and the potential for penalties or fines from non-compliances increase. If we fail to comply with applicable laws and regulations, we may be subject to penalties by the competent authorities. 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. Any failure to comply could result in significant financial penalties and could have a material adverse effect on our business, financial condition and results of operations.

Any claims by third parties alleging possible infringement of their intellectual property rights would have a material adverse effect on our business, brand value and reputation.

We may become subject to claims from competitors or third parties alleging intellectual property infringement in our ordinary course of business from time to time. Any claims or legal proceedings brought against us in relation to such issues, with or without merit, could result in substantial costs and divert capital resources and management attention. In the event of an adverse determination, we may be compelled to pay substantial damages or to seek licences from third parties and pay ongoing royalties on unfavourable terms. Moreover, regardless of whether we prevail, intellectual property disputes may damage our brand value and reputation in the eyes of current and potential customers and within our industry.

Our business relies on the proper operation of our information technology systems. Any malfunction of which for extended periods could materially and adversely affect our business.

Our business relies on the proper functioning of our information technology systems. We employ various automation devices, such as remote video surveillance cameras, building access systems and carpark security systems. Many factors such as power outages and damage to our equipment may cause interruptions to our centralised remote system and other automation devices. Our equipment may also be subject to damages caused by unforeseeable events and unexpected natural disasters. In addition, we need to constantly upgrade and improve our information technology systems to keep up with the continuous growth of our operations and business. Although we did not experience any material information technology system breakdown during the Track Record Period, we cannot assure you that our information technology system will always operate without interruption. Moreover, we cannot guarantee that the information security measures we currently maintain are adequate or that our information technology system can withstand intrusions from or prevent improper usage by third parties. Any malfunction to a particular part of our information technology system may result in a breakdown throughout our network and our ability to continue our operations smoothly may be negatively affected, which in turn could adversely affect our results of operations.

Our insurance policies may not provide adequate coverage for all claims associated with our business operations.

We believe our insurance coverage is in line with the industry practice in the PRC and we did not experience any material insurance claims in relation to our business during the Track Record Period and up to the Latest Practicable Date. For further details, please see "Business — Insurance" in this prospectus. However, our insurance coverage may not be adequate to protect us against all potential losses and liabilities that we may incur in the course of our business operations, which may result in adverse effects on our business. Moreover, there are certain types of losses or liabilities for which there are no insurance policies in the PRC available at commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war, civil disorder or acts of terrorism. If we are held responsible for any such damages, liabilities or losses due to insufficiency or unavailability of insurance, there could be a material adverse effect on our business, financial condition and results of operations.

We may be involved in legal or other proceedings arising out of our operations from time to time and may face significant liabilities as a result.

We may, from time to time, be involved in disputes with and subject to claims from, among others, the occupants, guests and owners of our managed properties. For example, property owners may take legal action against us if they believe that our services are below the standards set out in the relevant preliminary property management agreements or property management agreements. Furthermore, our employees and subcontractors may sue us if they sustain injuries or damages at the premises of our managed properties. Such disputes and claims may lead to legal or other proceedings or result in negative publicity against us and damage our reputation. We may also incur substantial costs and have to divert management attention and other resources from our business operations to defend ourselves in such proceedings. Any such dispute, claim or proceeding against us, with or without merit, could result in substantial costs and divert capital resources and management attention and we may have a material adverse effect on our business, financial condition, brand value and results of operations.

Our risk management and internal control systems may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of the relevant risk management policies and risk control procedures to identify, evaluate and manage risks arising from our operations. Since our risk management and internal control systems depend on their implementation by our employees, we cannot assure you that all of our employees will adhere to such policies and procedures, and the implementation of such policies and procedures may involve human errors or mistakes. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal control policies and procedures, our business, financial condition and results of operations could be materially adversely affected.

We face certain risks in relation to the collection and storage of confidential customer data.

We collect and store confidential information, such as names, addresses and contact details of our customers. For example, we have access to the confidential information of our customers when they fill in the membership registration forms of our fitness centres. To better manage our customers' needs, we have established a digitalised data management system which allows us to have access to multi-dimensional data including basic information about our communities, room number, name of occupants, and property GFA. Through this system, we are able to analyse the data and improve our service quality accordingly. We also rely on internal process and software controls to protect the confidentiality of customer data. If we or our IT service providers do not maintain adequate controls or fail to implement new or improved controls, such data could be misappropriated or confidentiality could otherwise be breached. Confidential information may also be compromised as a result of intentional or unintentional security breach. Any failure or perceived failure to do so may result in proceedings or actions against us to fines and damages. In addition, such events would lead to negative publicity and cause customers to lose their trust and confidence in us, which may result in material and adverse effects on our reputation, business, financial conditions and results of operations.

We could be liable for any breach of security relating to the third party online payment platform we use, and concerns about the security of internet transactions could damage our reputation and have adverse impact on our business.

We accept payments from our customers via third party online payment platform. In these online payment transactions, secured transmission of confidential information, such as customer credit card numbers and expiration dates, personal information and billing addresses, over public networks is essential to maintain consumer confidence. As the prevalence of using online payment methods increases, associated online crimes will likely increase as well. There is no assurance that our current security measures and those of the third party online payment platform service providers are adequate. Increasing and enhancing our security measures and efforts to allow users to have confidence in the reliability of the online payment platforms that we use may impose additional costs and expenses but still not guarantee complete safety. In addition, we do not have control over the security measures of our third party online payment platform service providers. We may also be perceived as partially responsible for failures to secure personal information and be subjected to claims. 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 other things, damage our reputation.

Damage to the common area of our managed properties could adversely affect our reputation, business, financial condition and results of operations.

The common area of our managed properties, such as the lobby, hallway, outdoor open space, stairway, elevator shaft and water storage facilities, may be damaged in a variety of ways that are beyond our control, including but not limited to natural disasters and intentional or unintentional human actions. Under the PRC laws and regulations, each residential community is required to establish a special fund to pay for the costs for the repair and maintenance of common area that is jointly-owned by all property owners. However, there is no assurance that such special fund will be adequate to cover all of the repair and maintenance costs. We may need to pay the shortfall on behalf of the property owners in case the special fund is not sufficient to cover all of the repair and maintenance costs and then attempt to collect the shortfall from the property owners' associations. If we face any difficulties in the collection process, our business, financial condition and results of operations could be materially and adversely affected. In addition, we may also need to divert management attention and resources to assist the police and other governmental authorities in their investigations in connection with any damage to the common area of our managed properties. As we intend to continue to grow our property management portfolio, the likelihood of such occurrences may increase in proportion to any increases in the number of our managed properties.

Fluctuations in amounts of government grants may lead to volatility in our profit.

Our government grants amounted to RMB2.9 million, RMB1.9 million, RMB2.6 million and RMB0.07 million, or 12.3%, 9.4%, 9.5% and 0.7% of our net profit, for FY2016, FY2017, FY2018 and 4M2019, respectively. Such government grants include financial subsidies from various local governments in the PRC. Government grants fluctuated during the Track Record Period because such grants were subject to the sole discretion of the relevant government authorities. There can be no assurance that we will continue to receive significant amounts of government grants, or at all. Accordingly, we may experience additional fluctuations in our government grants, which may lead to volatility in our profit. For more information, see "Financial Information — Description of Certain Combined Statements of Profit or Loss and Other Comprehensive Income Items — Other Income and Gains" and Note 6 to the Accountants' Report in Appendix I to this prospectus.

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 violation of 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 in relation 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.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

The economic, political and social conditions in the PRC, as well as government policies, laws and regulations, could affect our business, financial condition and results of operations.

All our business operations are in the PRC and all of our revenue is derived from our operations in the PRC. Accordingly, our results of operations and prospects are, to a significant degree, subject to economic, political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including the extent of government involvement, its level of development, its growth rate and its control over foreign exchange. The economy of the PRC has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented measures emphasising market forces for economic reform, the reduction of State ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, a portion of productive assets in the PRC is still owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development. It also exercises significant control over the economic growth in the PRC through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policies and providing preferential treatments to particular industries or companies.

While the Chinese economy has experienced significant growth in the past 20 years, growth has been uneven across both geographic regions and the various sectors of the economy, growth rates have begun to decelerate, and growth may not continue. We cannot predict whether our results of operations and financial condition could be materially and adversely affected by changes in economic conditions in the PRC, or the PRC governmental monetary policies, interest rate policies, tax regulations or policies and regulations.

Uncertainties with respect to the PRC legal system could limit the legal protections available to you and us.

Our operating subsidiaries are incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general, such as foreign investment, corporate organisation and governance, commerce, taxation and trade. As substantially all of our businesses are conducted in the PRC, our operations are principally governed by the PRC laws and regulations. However, since the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit legal protections available to us. Furthermore, intellectual property rights and confidentiality protections in the PRC may not be as effective as in the United States or other countries. In addition, we cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. These uncertainties could limit the legal protections available to us and other foreign investors, including you. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of our resources and management attention.

PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries.

In utilising the proceeds from the Global Offering or any further offering, as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans provided by us to our PRC subsidiaries are subject to PRC regulations. For example, loans by us to our PRC subsidiaries in the PRC to finance their activities cannot exceed statutory limits and must be registered or filed on record. We may also decide to finance our PRC subsidiaries through capital contributions. These capital contributions must be approved by or filed to the MOFCOM or its local counterpart. We cannot assure you that we will be able to obtain these government registrations or approvals or to complete filing procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to receive such registrations or approvals or fail to complete such filing procedures, our ability to use the proceeds of the Global Offering and to capitalise our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

We rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.

We conduct all of our business through our subsidiaries incorporated in the PRC. We rely on dividends paid by these combined subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our Shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in the PRC is subject to limitations. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in the PRC. Each of our subsidiaries in the PRC is also required to set aside at least 10% of its after-tax profit based on the PRC laws and regulations each year to its general reserves or statutory capital reserve fund until the aggregate amount of such reserves reaches 50% of its respective registered capital. Our statutory reserves are not distributable as loans, advances or cash dividends. We anticipate that in the foreseeable future our PRC subsidiaries will need to continue to set aside 10% of their respective after-tax profits to their statutory reserves. In addition, if any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Any limitations on the ability of our PRC subsidiaries to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

In addition, under the PRC Enterprise Income Tax Law, or EIT Law, the EIT Implementation Rules, the Notice of the State Administration of Taxation on Negotiated Reduction of Dividends and Interest Rates, or Notice 112, which was issued on 29 January 2008, the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion, or the Double Taxation Arrangement (Hong Kong), which became effective on 8 December 2006, and the Announcement of the State Administration of Taxation on the Determination of "Beneficial Owners" in the Tax Treaties, or Notice 9, which became effective on 1 April 2018, dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiary may be subject to a withholding tax at a rate of 10%, or at a rate of 5% if our Hong Kong subsidiary is considered as a "beneficial owner" that is generally engaged in substantial business activities and entitled to treaty benefits under the Double Taxation Arrangement (Hong Kong). Furthermore, the ultimate tax rate will be determined by treaty between the PRC and the tax residence of the holder of the PRC subsidiary. We are actively monitoring the withholding tax and are evaluating appropriate organisational changes to minimise the corresponding tax impact.

Our dividend income from our foreign-invested PRC subsidiaries may be subject to a higher rate of withholding tax than that which we currently anticipate.

Under the EIT Law and the EIT Implementation Rules, dividend payments from PRC subsidiaries to their foreign shareholders, if the foreign shareholder is not deemed as a PRC tax resident enterprise under the EIT Law, are subject to a withholding tax at the rate of 10%, unless the jurisdiction of such foreign shareholders has a tax treaty or similar arrangement with the PRC and the foreign shareholder obtains approval from competent local tax authorities for application of such tax treaty or similar arrangement. If certain conditions and requirements under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and 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(國稅函[2006]第884號)》, or the "China-Hong Kong Tax Arrangement") are met, the withholding rate could be reduced to 5%. However, the Notice 9 provides that "Beneficial Owners" refer to persons who engaged in substantial business operations. It is unclear whether Notice 9 applies to dividends from our PRC operating subsidiaries paid to us through Ningyirun, our direct subsidiary incorporated in Hong Kong which holds our PRC entities. If, under Notice 9, Ningyirun was not considered the "beneficial owner" of any such dividends, such dividends would, as a result, be subject to income tax withholding at the rate of 10% rather than the more favourable 5% rate applicable under the China-Hong Kong Tax Arrangement. In that case, our financial condition and results of operations may be materially and adversely affected.

Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under the PRC tax laws.

Under the EIT Law and EIT Implementation Rules, our foreign corporate Shareholders may be subject to a 10% income tax upon any gains realised from the transfer of their Shares and dividend distributable to such foreign corporate Shareholder, if such income is regarded as income from "sources within the PRC." According to the EIT Implementation Rules, whether income generated from transferring equity investments is to be regarded as sources within the PRC or from foreign territory shall depend upon the locations in which the enterprises accepting the equity investment are located. However, it is unclear whether income received by our Shareholders will be deemed to be income from sources within the PRC and whether there will be any exemption or reduction in taxation for our foreign corporate Shareholders due to the promulgation of the EIT Law. If our foreign corporate Shareholders are required to pay PRC income tax on the transfers of our Shares that they hold or on the gains on the sale of our Shares by them, the value of our foreign corporate Shareholders' investments in our Shares may be materially and adversely affected.

We may be classified as a "resident enterprise" for PRC enterprise income tax purposes, which could result in unfavourable tax consequences to us and our non-PRC Shareholders.

The EIT Law provides that enterprises established outside of the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" and are generally subject to the uniform 25% enterprise income tax rate on their worldwide income. In addition, a circular issued by the State Administration of Taxation on 22 April 2009 regarding the standards used to classify certain Chinese-invested enterprises controlled by Chinese enterprises or Chinese group enterprises and established outside of the PRC as "resident enterprises" clarified that dividends and other income paid by such "resident enterprises" will be considered to be PRC source income, subject to PRC withholding tax, currently at a rate of 10%, when recognised by non-PRC enterprise shareholders. This circular also subjects such "resident enterprises" to various reporting requirements with the PRC tax authorities. Under the implementation regulations to the enterprise income tax, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, the circular mentioned above sets out criteria for determining whether "de facto management bodies" are located in the PRC for overseas incorporated, domestically controlled enterprises. However, as this circular only applies to enterprises established outside of the PRC that are controlled by PRC enterprises or groups of PRC enterprises, it remains unclear how the tax authorities will determine the location of "de facto management bodies" for overseas incorporated enterprises that are controlled by individual PRC residents like us and some of our subsidiaries. Therefore, although substantially all of our management is currently located in the PRC, it remains unclear whether the PRC tax authorities would require or permit our overseas registered entities to be treated as PRC resident enterprises. We do not currently consider our Company to be a PRC resident enterprise. However, if the PRC tax authorities disagree with our assessment and determine that we are a "resident enterprise", we may be subject to enterprise income tax at a rate of 25% on our worldwide income and dividends paid by us to our non-PRC Shareholders as well as capital gains recognised by them with respect to the sale of our Shares may be subject to a PRC withholding tax. This will have an impact on our effective tax rate, a material adverse effect on our net income and results of operations, and may require us to withhold tax on our non-PRC Shareholders.

We face uncertainty relating to the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得税若干問題的公告》) ("SAT Circular No. 7") issued by the PRC State Administration of Taxation

On 3 February 2015, the PRC State Administration of Taxation issued the SAT Circular No. 7, which abolished certain provisions in the Circular on Strengthening the Administration of Enterprise Income Tax on Non-PRC Resident Enterprises' Share Transfers (《關於加強非居民企業股權轉讓所得企業所得税管理的通知》) ("**SAT Circular No. 698**"), previously issued by the State Administration of Taxation on 10 December 2009. SAT Circular No. 7 provides comprehensive guidelines relating to indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise ("**PRC Taxable Assets**"). For example, SAT Circular No. 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-PRC resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets. The PRC tax authorities may disregard the existence of such overseas holding company and consider the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC EIT and lack any other reasonable commercial purpose. Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from PRC EIT under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under SAT Circular No. 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying SAT Circular No. 7. SAT Circular No. 7 may be determined by the tax authorities to be applicable to our Reorganisation, if such transaction were determined by the tax authorities to lack reasonable commercial purpose. As a result, we may be subject to tax under SAT Circular No. 7 and may be required to expend valuable resources to comply with SAT Circular No. 7 or to establish that we should not be taxed under SAT Circular No. 7, which may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

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

Most of our Directors and executive officers reside within the PRC, and all of our assets and substantially all of the assets of those persons are located within the PRC. It may not be possible for investors to effect service of process upon us or those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts unless in accordance with the provisions of the international treaties concluded or acceded to by the foreign country and the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or most other western countries. However, judgments rendered by Hong Kong courts may be recognised and enforced in the PRC if the requirements set forth by the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《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》) (the "**2006 Arrangement**") are met.

On 18 January 2019, the Supreme People's Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The 2019 Arrangement discontinued the 2006 Arrangement and the 2019 Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong SAR. The 2019 Arrangement will, upon its effectiveness, supersedes the 2006 Arrangement. Therefore, before the 2019 Arrangement becomes effective it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

Fluctuations in the value of the Renminbi and the PRC government's control over foreign currency conversion may adversely affect our business and results of operations and our ability to remit dividends.

Substantially all of our revenue and expenditures are denominated in Renminbi, while the net proceeds from the Global Offering and any dividends we pay on our Shares will be in Hong Kong Dollars. Fluctuations in the exchange rates between the Renminbi and the Hong Kong Dollar or U.S. Dollar will affect the relative purchasing power in Renminbi terms. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the relative value of any dividend distributed by us. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and the foreign exchange regime and policy in the PRC. PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve certain exchange rate targets and policy goals. From mid-2008 to mid-2010 Renminbi traded within a narrow range against U.S. Dollar. In June 2010 the People's Bank of China announced the removal of the *de facto* peg. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong Dollar or U.S. Dollar in the future.

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. Under the current foreign exchange control system in the PRC, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licences to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, must be approved by or registered with SAFE or its local branch. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business, may be materially and adversely affected.

Failure by our Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from being able to distribute profits or inject capital and could expose us and our PRC resident Shareholders to liability under the PRC laws.

The Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**SAFE Circular No. 37**"), which was promulgated by SAFE and became effective on 4 July 2014, requires a PRC individual resident ("PRC Resident") to register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle ("**Offshore SPV**") that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing. Following the initial registration, the PRC Resident is also required to register with the local

SAFE branch for any major change in respect of the Offshore SPV, including, among other things, any major change of a PRC Resident shareholder, name or term of operation of the Offshore SPV, or any increase or reduction of the Offshore SPV's registered capital, share transfer or swap, merger or division. Failure to comply with the registration procedures of SAFE Circular No. 37 may result in penalties and sanctions, including the imposition of restrictions on the ability of the Offshore SPV's Chinese subsidiary to distribute dividends to its overseas parent.

PRC laws and regulations establish more complex procedures for some acquisitions of PRC companies by foreign investors, which could make it difficult for us to pursue growth through acquisitions in the PRC.

A number of PRC laws and regulations, including the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), the Anti-Monopoly Law (《反壟斷法》), and the Rules of MOFCOM on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) promulgated by MOFCOM on 25 August 2011 and effective from 1 September 2011 (the "**Security Review Rules**"), have established procedures and requirements that are expected to make the review of certain merger and acquisition activities by foreign investors in the PRC more time-consuming and complex. These include requirements in some instances to notify MOFCOM in advance of any transaction in which foreign investors take control of a PRC domestic enterprise, or to obtain approval from MOFCOM before overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control or security review.

The Security Review Rules prohibits foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. If we are found to be in violation of the Security Review Rules and other PRC laws and regulations with respect to merger and acquisition activities in the PRC, or fail to obtain any of the required approvals, the relevant regulatory authorities would have broad discretion in dealing with such violations, including levying fines, revoking business and operating licences, confiscating our income and requiring us to restructure or unwind our restructuring activities. Any of these actions could cause significant disruption to our business operations and may materially and adversely affect our business, financial position and results of operations. Furthermore, if the business of any target company we plan to acquire falls into the ambit of security review, we may not be able to successfully acquire such company either by equity or asset acquisition, capital contribution or any contractual arrangement. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the relevant regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from MOFCOM, may delay or inhibit our ability to complete such transactions, thus affecting our ability to expand our business or maintain our market share.

Inflation in China could negatively affect our profitability and growth.

Economic growth in China has, in the past, been accompanied by periods of high inflation. In response, the PRC government has implemented policies from time to time to control inflation, such as restricting the availability of credit by imposing tighter bank lending policies or higher interest rates. The PRC government may take similar measures in response to future inflationary pressures. Rampant inflation without the PRC Government's mitigation policies would likely increase our costs, thereby materially reducing our profitability. There is no assurance that we will be able to pass any additional costs to our customers. On the other hand, such control measures may also lead to slower economic activity and we may see reduced demand for our properties.

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, severe acute respiratory syndrome (''**SARS**'') or ebola virus, and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. 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, 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. Furthermore, 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. In 2009, there were reports of the occurrence of H1N1 influenza in certain regions of the world, including the PRC, where we operate our business. In 2014 and 2015, there have been ebola virus and Middle East Respiratory Syndrome, or MERS, outbreak which have yet to be completely contained. Any future outbreak of SARS, avian flu or other similar adverse epidemics may, among other things, 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.

Our operations are also vulnerable to natural disasters or other catastrophic events, including wars, terrorist attacks, snowstorms, earthquakes, typhoons, fire, floods, power failures and shortages, water shortages, hardware failures, computer viruses, and similar events which may or may not be foreseeable or otherwise within our control. If any natural disaster or catastrophic event were to strike in the future in the PRC, especially in the area where our operations are located, we might suffer losses as a result of business interruptions and our business, financial condition and results of operations might be materially and adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

There is no existing public market for our Shares and their liquidity and market price may fluctuate.

Prior to the Global Offering, there has not been a public market for our Shares. We have applied for the listing of and dealing in our Shares on the Stock Exchange. However, even if approved, we cannot assure you that an active and liquid public trading market for our Shares will develop following the Global Offering, or, if it does develop, it will be sustained. The financial market in Hong Kong and other countries have in the past experienced significant price and volume fluctuations. Volatility in the price of our Shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results. Accordingly, we cannot assure you that the liquidity and market price of our Shares will not fluctuate.

The Offer Price Range was the result of, and the Offer Price will be the result of, negotiations among us and ICBC International Capital on behalf of the Underwriters and may not be indicative of prices that will prevail in the trading market after the Global Offering. Therefore, our Shareholders may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares purchased in the Global Offering.

The market price and trading volume of our Shares may be volatile, which could result in substantial losses for investors purchasing Shares in the Global Offering.

The market price of our Shares may fluctuate significantly and rapidly as a result of a variety of factors, many of which are beyond our control, including:

- actual and anticipated variations in our results of operations;
- changes in securities analysts' estimates or market perception of our financial performance;
- announcement by us of significant acquisitions, dispositions, strategic alliances or joint ventures;
- recruitment or loss of key personnel by us or our competitors;
- market developments affecting us or the property management service industry;
- regulatory or legal developments, including litigation;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- fluctuations in trading volumes or the release of lock-up or other transfer restrictions on our outstanding Shares or sales of additional Shares by us; and
- general economic, political and stock market conditions in Hong Kong, the PRC and elsewhere in the world.

Moreover, in recent years, stock markets in general have experienced significant price and volume fluctuations, some of which have been unrelated or disproportionate to the operating performance of the listed companies. These broad market and industry fluctuations may adversely affect the market price of our Shares.

Since there will be a gap of several days between pricing and trading of our Offer Shares, the price of our Offer Shares could fall below the Offer Price when the trading commences.

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be five Hong Kong business days after the pricing date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall below the Offer Price when the trading commences as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

Purchasers of Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

Based on the Offer Price Range, the Offer Price is expected to be higher than the net tangible book value per Share prior to the Global Offering. Therefore, you will experience an immediate dilution in pro forma net tangible book value per Share. In addition, we may issue additional Shares or equity-related securities in the future or to raise additional funds, finance acquisitions or for other purposes. If we issue additional Shares or equity-related securities in the future, the percentage ownership of our existing Shareholders may be diluted. In addition, such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

There can be no assurance if and when we will pay dividends in the future.

Distribution of dividends shall be formulated by our Board and will be subject to shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under IFRS, our Articles of Association, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, relevant laws and regulations and any other factors determined by our Board from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy.

Our management has significant discretion as to how to use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may use the net proceeds from the Global Offering in ways that you may not agree with or that do not yield a favourable return to our Shareholders. By investing in our Shares, you are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from this Global Offering. For further details, please see "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus.

Our Controlling Shareholders may exert substantial influence over our operation and may not act in the best interests of our independent Shareholders.

Immediately upon completion of the Global Offering, our Controlling Shareholders will together control approximately 40.91% of our issued share capital, without taking into account of the Shares which may be issued upon the exercise of the Over-allotment Option. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Group that would otherwise benefit our Shareholders. The interests of the Controlling Shareholders may not always coincide with our Company or your best interests. If the interests of the Controlling Shareholders conflict with the interests of our Company or our other Shareholders, or if the Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our Company or other Shareholders, our Company or those other Shareholders, including you, may be disadvantaged as a result.

Sale, or perceived sale, of substantial amounts of our Shares in the public market could adversely affect the prevailing market price of our Shares.

The Shares held by our existing Shareholders are subject to certain lock-up periods expiring six and 12 months after the date on which trading in our Shares commences on the Stock Exchange, details of which are set out in "Underwriting." Our existing Shareholders may dispose of Shares that they may own now or in the future. Sales of substantial amounts of our Shares in the public market, or the perception that these sales may occur, could materially and adversely affect the prevailing market price of our Shares.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

Facts and statistics in this prospectus relating to the PRC economy and the industry in which we operate may not be fully reliable, and statistics in the prospectus provided by Frost & Sullivan are subject to assumptions and methodologies set out in the "Industry Overview" section.

Facts and statistics in this prospectus relating to the PRC and the industry in which we operate, including those relating to the PRC economy and the property management service industry in the PRC, are derived from various publications of governmental agencies or industry associations, or an industry report prepared by Frost & Sullivan and commissioned by us. We cannot guarantee, however, the quality or reliability of these materials. We believe that the sources of this information are appropriate sources for such information and have taken reasonable 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 material fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers or any other party involved in the Global Offering and no representation is given as to its accuracy and completeness. Investors should not place undue reliance on such facts or statistics.

Investors may experience difficulties in enforcing their Shareholder rights because we are incorporated in the Cayman Islands, and the protection afforded to minority Shareholders under Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions.

Our Company is incorporated in the Cayman Islands and its affairs are governed by our Memorandum, Articles of Association, the Cayman Islands company law and the common law of the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or those of other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as those afforded under the laws of Hong Kong or in other jurisdictions. A summary of the Cayman Islands company law on protection of minority shareholders is set out in "Summary of the Constitution of the Company and Cayman Islands Company Law — Protection of Minorities and Shareholders' Suits" in Appendix III to this prospectus.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

There may have been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and/or media regarding us, our business, our industry and the Global Offering. None of us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, or any other person involved in the Global Offering has authorised the disclosure of information about the Global Offering in any press or media and none of these parties accepts any responsibility for the accuracy or completeness of any such information or the fairness or appropriateness of any forecasts, views or opinions expressed by the press and/or other media regarding our Shares, the Global Offering, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed in any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, you should make your investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

In preparation for the Listing, our Company has sought the following waiver from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules requires that our Group must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since the business operations of our Group are principally located in the PRC, our Group will not, upon Listing or in the foreseeable future, have sufficient management presence in Hong Kong. Currently, all of our executive Directors reside in the PRC. Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules.

Notwithstanding that upon the Listing, our Company will not have at least two executive Directors who are ordinarily residents in Hong Kong, the following will continually allow our Company to maintain regular communications with the Stock Exchange for the purpose of Rule 8.12 of the Listing Rules:

(a) we have appointed two authorised 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 we will comply with the Listing Rules at all times. The two authorised representatives appointed are Mr. Li Chunling, our executive Director, and Ms. Huang Xuemei, our executive Director. Although both of them 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. Each of the authorised representatives 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 two authorised representatives will be authorised to communicate on our behalf with the Stock Exchange. Our Company will only change the authorised representatives under the Listing Rules after notifying the Stock Exchange of such change and the reasons and having made an appropriate replacement;

(b) each of the authorised representatives has means to contact all of our Directors (including our independent non-executive Directors) and all of our senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our 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 between the Stock Exchange, the authorised representatives and our Directors, we will implement a policy that (i) each Director will have to provide his/her office phone number, mobile phone number, fax number and email address to our authorised representatives; (ii) in the event that a Director expects to travel or is otherwise out of office, he/she will endeavor to provide the phone number of the place of his/her accommodation to the authorised representatives or maintain an open line of communication via his/her mobile phone; and (iii) each of our Directors and authorised representatives will provide their respective office phone numbers, mobile phone numbers, fax numbers and email addresses to the Stock Exchange;

(c) each of our Directors (including our independent non-executive Directors) not being ordinarily resident in Hong Kong has confirmed that they possess or can apply for valid travel documents to visit Hong Kong for business purpose and will be able to come to Hong Kong and meet with the relevant officers of the Stock Exchange within a reasonable period of time, upon request; and

(d) we have appointed Anglo Chinese Corporate Finance, Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules, which will have access at all times to our authorised representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute partially-exempt continuing connected transaction and non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing. We have, pursuant to Rule 14A.105 of the Listing Rules, applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules in respect of the non-exempt continuing connected transactions. We will, however, comply at all times with the other applicable provisions under Chapter 14A of the Listing Rules in respect of such partially-exempt continuing connected transaction and non-exempt continuing connected transactions, and will immediately inform the Stock Exchange if there are any changes to such continuing connected transactions. For further details, please see "Continuing Connected Transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus 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. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, 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 this prospectus or any statement herein misleading.

THIS HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

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. Please see "How to Apply for Hong Kong Offer Shares" and the Application Forms for further details of the procedures for applying for the Hong Kong Offer Shares.

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 conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as at any subsequent time.

STRUCTURE OF THE GLOBAL OFFERING AND UNDERWRITING

Please see "Structure and Conditions of the Global Offering" for further details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilisation.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to agreement on the Offer Price between ICBC International Capital (for itself and on behalf of the Underwriters) and us. The Global Offering is managed by the Joint Global Coordinators. If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. Please see "Underwriting" for further details of the Underwriters and the underwriting arrangements.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, and is deemed by his acquisition of Hong Kong Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

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. Accordingly, without limitation to the following, this prospectus may not be used for the purpose 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 authorised 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 Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option). Dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 6 November 2019.

Save as disclosed in this prospectus, no part of our share capital 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.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares on the Stock Exchange and we complying with the stock admission requirements of HKSCC, our 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 Stock Exchange is required to take place in CCASS on the second business day after any trading day. All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued by us pursuant to applications made in the Hong Kong Public Offering will be registered on our register of members to be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by our principal registrar, Appleby Global Services (Cayman) Limited, in the Cayman Islands.

No stamp duty is payable by applicants in the Global Offering.

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

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Shares. None of us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain RMB and US$ amounts into Hong Kong dollars at a specified rate. Unless we indicate otherwise, the translations of RMB and US$ into Hong Kong dollars and vice versa have been made at the rate of HK$1.00 to RMB0.9019 and US$1.00 to HK$7.8441 in this prospectus, respectively.

No representation is made that any amount in RMB, US$ or Hong Kong dollars can be or could be, or have been, converted at the above rate or any other rate or at all.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

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.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Li Chunling (李春玲)	Room 402, Unit 1, Building 2 18 Lvshui Street Jianye District Nanjing, Jiangsu Province The PRC	Chinese
Huang Xuemei (黃雪梅)	Unit 1, Block 64 Jiazhou Cheng No. 3888 Hongjing Avenue Jiangning District Nanjing, Jiangsu Province The PRC	Chinese
Non-executive Directors		
Huang Qingping (黃清平)	Unit 1-101, Block 12 No. 288 Caochangmen Street Gulou District Nanjing, Jiangsu Province The PRC	Chinese
Xie Chenguang (謝晨光)	Unit 202 No. 7 Xincun Village Gulou District Nanjing, Jiangsu Province The PRC	Chinese
Ma Baohua (馬保華)	Unit 401, Block 27 Gongjiao Village 1 Xuanwu District Nanjing, Jiangsu Province The PRC	Chinese
Zhu Li (朱力)	Room 901, Unit 1, Building 5, District 5 Xidi International City 128 Hengshan Road Nanjing, Jiangsu Province The PRC	Chinese

Name	Residential Address	Nationality
Independent non-executive Directors		
Chow Siu Hang (周兆恒)	Room 2, 4/F., Block B Garden Vista 11–13 on King Street Sha Tin New Territories	Chinese
Li Yougen (李友根)	Room 1908, Block 1 Yang Guang Guang Chang Nanjing, Jiangsu Province The PRC	Chinese
Mao Ning (茅寧)	Room 302, Unit 1 Block 4, 3 Jinjiang Road, Nanjing, Jiangsu Province The PRC	Chinese

For further details, please see “Directors, Senior Management and Employees” in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**ICBC International Capital Limited** 37/F, ICBC Tower 3 Garden Road Hong Kong
Joint Global Coordinators	**ICBC International Capital Limited** 37/F, ICBC Tower 3 Garden Road Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27/F, Low Block, Grand Millenium Plaza 181 Queen's Road Central Hong Kong
Joint Bookrunners	**ICBC International Capital Limited** 37/F, ICBC Tower 3 Garden Road Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27/F, Low Block, Grand Millenium Plaza 181 Queen's Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Centre 99 Queen's Road Central Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	UOB Kay Hian (Hong Kong) Limited 15/F, China Building 29 Queen's Road Central Central Hong Kong

Joint Lead Managers	**ICBC International Securities Limited** 37/F, ICBC Tower 3 Garden Road Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Centre 99 Queen's Road Central Hong Kong
	ABCI Securities Company Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	UOB Kay Hian (Hong Kong) Limited 15/F, China Building 29 Queen's Road Central Central Hong Kong
Co-Lead Managers	**Victory Securities Company Limited** Room 1101-3, 11/F, Yardley Commercial Building 3 Connaught Road West Sheung Wan Hong Kong
	Silk Road International Capital Limited Room 2901, 29/F, Two IFC 8 Finance Street Central Hong Kong

Legal advisers to our Company	*As to Hong Kong law* **P. C. Woo & Co.** 12th Floor, Prince's Building 10 Chater Road Central Hong Kong *As to PRC law* **Zhejiang T&C Law Firm** 8/F, Building A Dragon Century Plaza No. 1 Hangda Road Hangzhou The PRC *As to Cayman Islands law* **Appleby** 2206-19 Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law* **Deacons** 5th Floor, Alexandra House 18 Chater Road Hong Kong *As to PRC law* **Haiwen & Partners** 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District Beijing The PRC
Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* 22nd Floor, CITIC Tower 1 Tim Mei Avenue Central Hong Kong

Industry consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 1018, Tower B 500 Yunjin Road Xuhui District Shanghai The PRC
Receiving Bank	**Industrial and Commercial Bank of China (Asia) Limited** 33/F, ICBC Tower 3 Garden Road Central Hong Kong
Compliance adviser	**Anglo Chinese Corporate Finance, Limited** 40th Floor, Two Exchange Square 8 Connaught Place Hong Kong

Registered office	Sertus Chambers, Governors Square Suite #5-204, 23 Lime Tree Bay Avenue P.O. Box 2547 Grand Cayman, KY1-1104 Cayman Islands
Headquarters and principal place of business in the PRC	19/F, 289 Jiangdong Avenue North Nanjing, Jiangsu Province The PRC
Principal place of business in Hong Kong	Room 4502, 45/F Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong
Company's website address	**www.yinchenglife.hk** *(the contents of the website do not form part of this prospectus)*
Company secretary	Yim Lok Kwan *(ACS, ACIS)* 40th Floor, Sunlight Tower 248 Queen's Road East Wanchai Hong Kong
Authorised representatives	Li Chunling Room 402, Unit 1, Building 2 18 Lvshui Street Jianye District Nanjing, Jiangsu Province The PRC Huang Xuemei Unit 1, Block 64 Jiazhou Cheng No. 3888 Hongjing Avenue Jiangning District Nanjing, Jiangsu Province The PRC

CORPORATE INFORMATION

Audit committee	Chow Siu Hang *(Chairman)* Mao Ning Xie Chenguang
Remuneration committee	Mao Ning *(Chairman)* Xie Chenguang Li Yougen
Nomination committee	Xie Chenguang *(Chairman)* Mao Ning Li Yougen
Principal share registrar and transfer office	Appleby Global Services (Cayman) Limited 71 Fort Street PO Box 500 George Town Grand Cayman KY1-1106 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal banks	Industrial and Commercial Bank of China Chengxi Branch 289 Jiangdong Avenue North Gulou District Nanjing China
	China Merchants Bank Yueyahu Branch 88 Musuyuan Street Qinhuai District Nanjing China
	Bank of Communications Xiaolingwei Branch Room 103, 99-7 Zhongshanmen Street Xuanwu District Nanjing China

Unless otherwise indicated, the information contained in this section is derived from various governmental and official publications, other publications and the Frost & Sullivan Report, which was commissioned by us. We believe that the sources of this information and statistics are appropriate sources for such information and statistics and reasonable care has been exercised by our Directors in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information false or misleading. None of our Company, the Sole Sponsor, the Underwriters or our or their respective directors, advisors and affiliates have independently verified such information and statistics. Accordingly, none of our Company, the Sole Sponsor, or our or their respective directors and advisors or any other parties involved in the Listing makes any representation as to the accuracy and completeness of such information and statistics. As such, the official and non-official sources contained herein should not be unduly relied upon. Furthermore, due to the inherent time-lag involved in collecting any industry and economic data, some of the data contained in this section may only represent the state of affairs at the time such data were collected. As such, you should also take into account subsequent movements in the industry and the PRC economy when you evaluate the information contained in this section.

SOURCES OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to analyse and report on the property management service market in China. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Frost & Sullivan offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage in China includes chemicals, materials and food, commercial aviation, consumer products, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom. We have agreed to pay Frost & Sullivan a total fee of RMB350,000 for the preparation of the Frost & Sullivan Report, and our Directors consider that such fee reflects market rates.

The methodology used by Frost & Sullivan in gathering the relevant market data in compiling the Frost & Sullivan Report included primary research and secondary research. Primary research involves discussing the status of the industry with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database.

Analysis and forecasts contained in the Frost & Sullivan Report are based on the following major assumptions at the time of compiling such reports:

- China's economy is likely to maintain steady growth in the next decade;
- China's social, economic, and political environment is likely to remain stable in the forecast period; and
- Market drivers such as accelerating urbanisation, continuous growth of per capita disposable income and further development of real estate market will drive property management service market.

Our Directors, upon taking reasonable care, confirm that there have been no adverse changes in the market information since the Latest Practicable Date which may qualify, contradict or have an impact on the information in this section.

CHINA'S PROPERTY MANAGEMENT SERVICE MARKET

Definition and Introduction

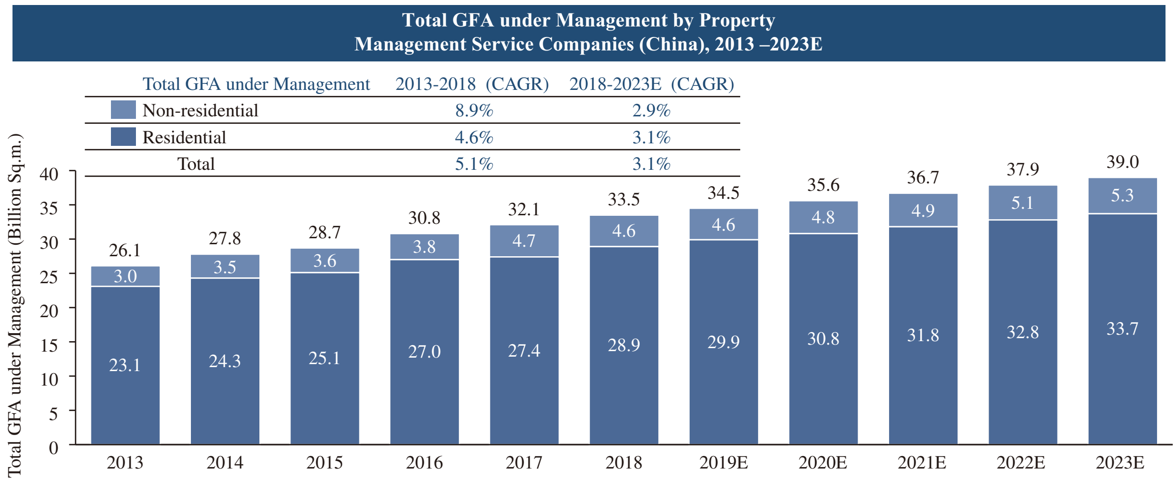
Property management is the management of personal property, equipment, tooling, and physical capital assets that are acquired and used to build, repair, and maintain end item deliverables. Most Chinese property management service companies provided services for a wide range of properties, including residential communities and non-residential communities including office buildings, government buildings, shopping centres, industrial facilities, arenas and stadiums, schools, hospitals and others. In China, it is common for property management service companies to obtain property projects from their parent or affiliated companies.

Property management service companies generally offer these services: (1) traditional property management services; and (2) other services including pre-delivery services, property consulting services and value-added services. Traditional property management services refer to services such as security services, cleaning services, car park management, repair and maintenance of elevators, escalators and mechanical car park equipment, gardening and landscaping services, daily repair and maintenance of equipment and machinery, and ancillary customer services. Value-added services include, among others, fitness services, repair and maintenance services and home life services.

Property management service companies can charge management fees either on a lump sum basis or on a commission basis. Lump sum basis refers to such a case in which the property management service companies receive a fixed amount of property management fees and enjoy all the profits and bear all losses. Under the standard of commission basis, the commission fees payable to the property managers are in addition to (and may be a percentage over) all costs and expenses for engaging service providers to provide all services to the property, which the property developers or property owners' associations are responsible. The lump sum basis for property management fees is the dominant revenue model in the property management service market for both residential and non-residential buildings in China. By taking this basis, property management service companies can manage their costs by a series of cost-saving measures, including standardisation of procedures, automation and smart management to reduce their reliance on manual labour.

Market Size of Property Management Service Market

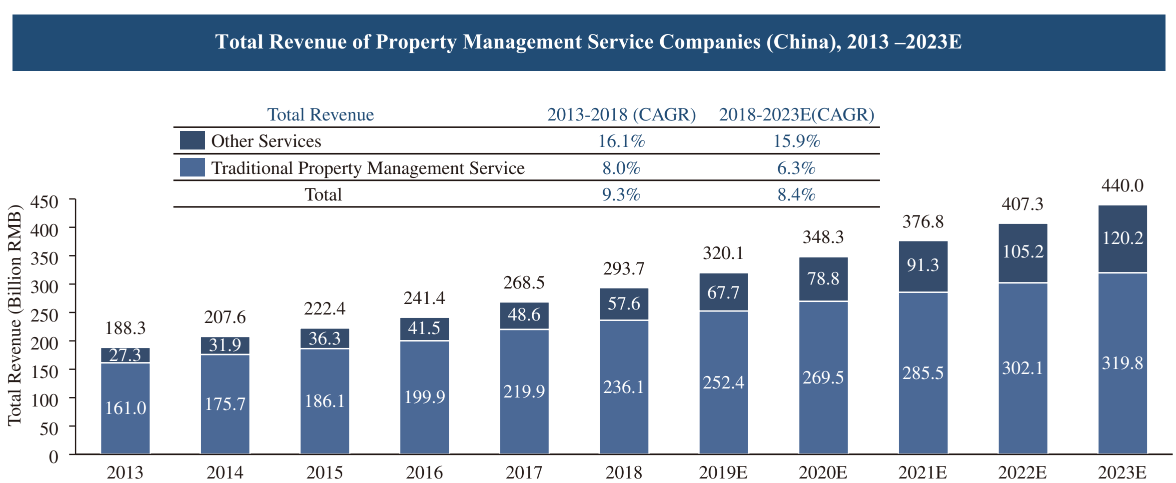
Total GFA under Management by Property Management Service Companies (China)



Source: Frost & Sullivan

From 2013 to 2018, the total GFA under management by property management service companies has increased from 26.1 billion sq.m. in 2013 to 33.5 billion sq.m. in 2018, with a CAGR of 5.1%. The total GFA under management of residential properties reached 28.9 billion sq.m. in 2018, with a CAGR of 4.6% and the total GFA under management of non-residential properties reached 4.6 billion sq.m. in 2018, with a CAGR of 8.9% from 2013 to 2018. In 2023, the total GFA under management is expected to reach 39.0 billion sq.m, with a CAGR of 3.1% from 2018 to 2023.

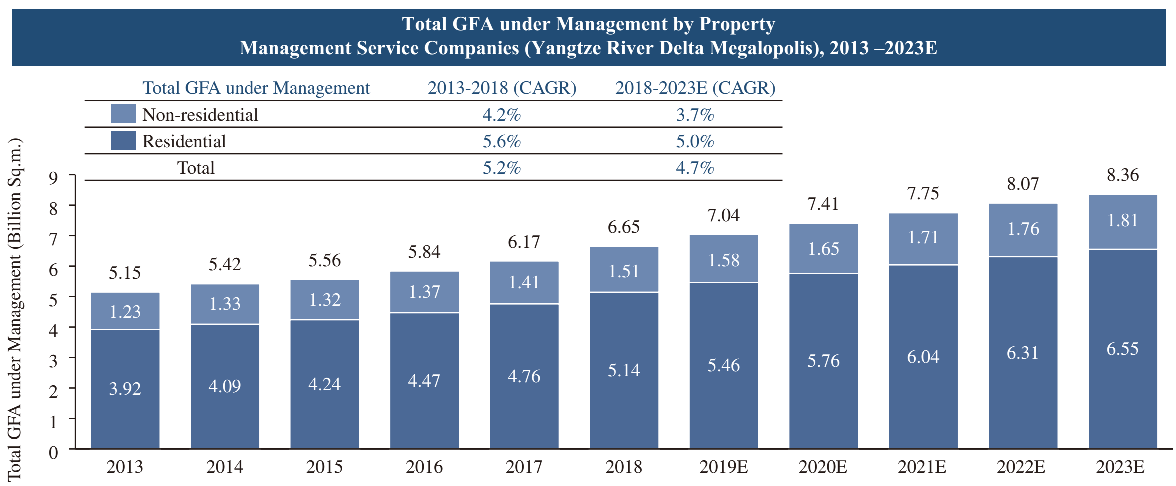
Total Revenue of Property Management Service Companies (China)



Source: Frost & Sullivan

For property management service companies in China, most of their revenue is generated from traditional property management services, accounting for approximately 80.4% in 2018. From 2013 to 2018, the total revenue of property management service companies has increased from RMB188.3 billion to RMB293.7 billion, with a CAGR of 9.3%. In 2023, the total revenue is expected to reach RMB440.0 billion, with a CAGR of 8.4% from 2018 to 2023. In recent years, property management service companies have been seeking to diversify their services and revenue streams. With the increasing diversification of services, the total revenue of other services provided by those companies has grown from RMB27.3 billion in 2013 to RMB57.6 billion in 2018 and is expected to reach RMB120.2 billion in 2023, with a CAGR of 15.9% from 2018 to 2023.

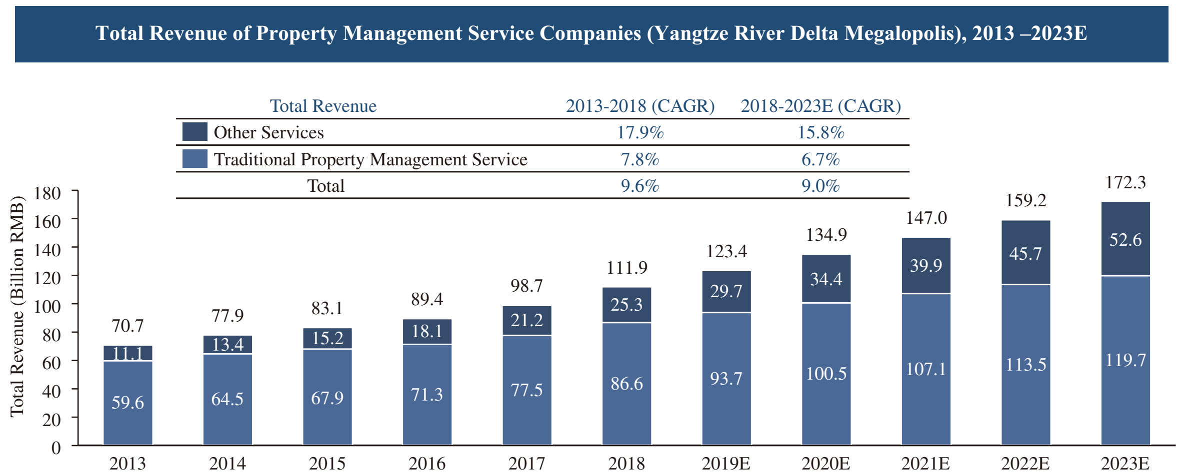
Total GFA under Management by Property Management Service Companies (Yangtze River Delta Megalopolis)



Source: Frost & Sullivan

From 2013 to 2018, the total GFA under management by property management service companies in the Yangtze River Delta Megalopolis has increased from 5.15 billion sq.m. in 2013 to 6.65 billion sq.m. in 2018, with a CAGR of 5.2%. The total GFA under management of residential properties reached 5.14 billion sq.m. in 2018, with a CAGR of 5.6% from 2013 to 2018 and the total GFA under management of non-residential properties reached 1.51 billion sq.m. in 2018, with a CAGR of 4.2% from 2013 to 2018. In 2023, the total GFA under management is expected to reach 8.36 billion sq.m, with a CAGR of 4.7% from 2018 to 2023.

Total Revenue of Property Management Service Companies (Yangtze River Delta Megalopolis)



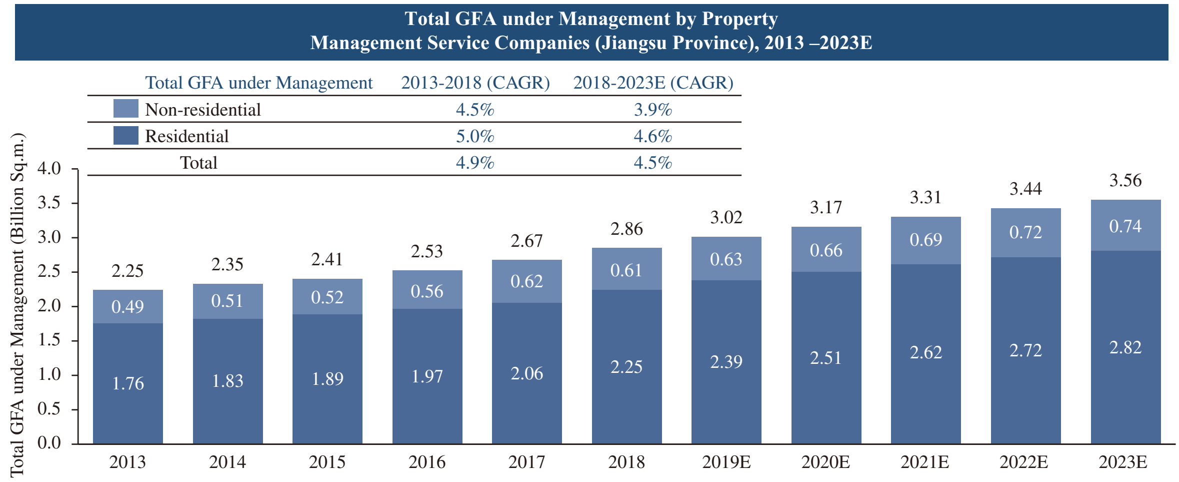
Source: Frost & Sullivan

For property management service companies in the Yangtze River Delta Megalopolis, most of their revenue is generated from traditional property management services, accounting for approximately 77.4% in 2018. From 2013 to 2018, the total revenue of property management service companies in the Yangtze River Delta Megalopolis has increased from RMB70.7 billion to RMB111.9 billion, with a CAGR of 9.6%. In 2023, the total revenue is expected to reach RMB172.3 billion, with a CAGR of 9.0% from 2018 to 2023. With the increasing diversification of services, the total revenue of other services provided by those companies has grown from RMB11.1 billion in 2013 to RMB25.3 billion in 2018 and is expected to reach RMB52.6 billion in 2023, with a CAGR of 15.8% from 2018 to 2023.

Average Property Management Fee of Property Management Service Companies in Yangtze River Delta Megalopolis

The average property management fee of property management service companies for both residential and non-residential properties has increased slightly in recent years. For residential properties, the average property management fee increased from RMB1.19 per sq.m. per month in 2013 to RMB1.35 per sq.m. per month in 2018, representing a CAGR of 2.6%. As for non-residential properties, the average property management fee reached RMB3.51 per sq.m. per month in 2018 and is expected to reach RMB3.82 per sq.m. per month in 2023. Normally, the property management fee of non-residential properties is higher than residential properties mainly due to wider service scope and higher cost, such as facilities maintenance and management cost.

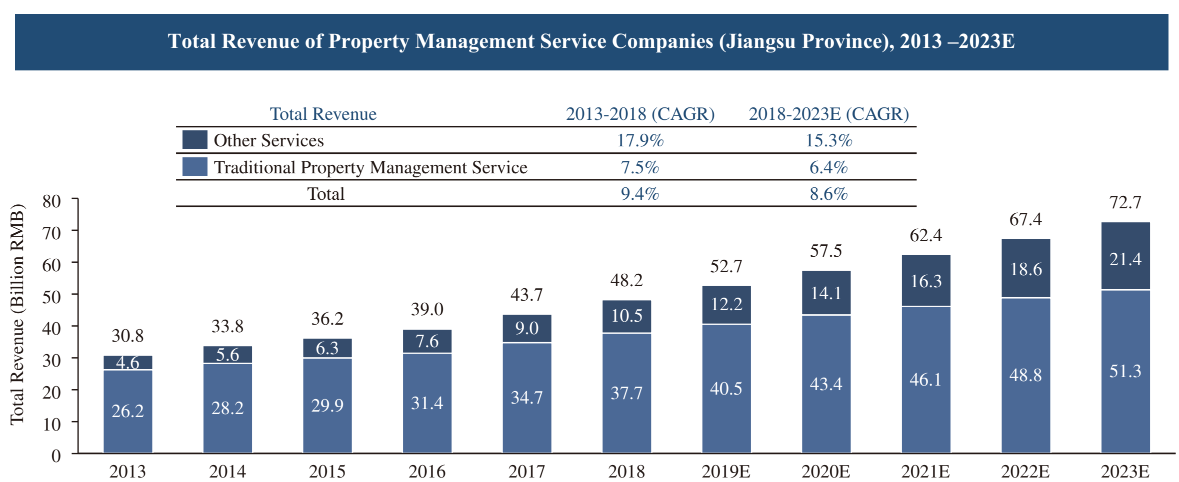
Total GFA under Management by Property Management Service Companies (Jiangsu Province)



Source: Frost & Sullivan

From 2013 to 2018, the total GFA under management by property management service companies in Jiangsu Province has increased from 2.25 billion sq.m. in 2013 to 2.86 billion sq.m. in 2018, with a CAGR of 4.9%. The total GFA under management of residential properties reached 2.25 billion sq.m. in 2018, with a CAGR of 5.0% from 2013 to 2018 and the total GFA under management of non-residential properties reached 0.61 billion sq.m. in 2018, with a CAGR of 4.5% from 2013 to 2018. In 2023, the total GFA under management is expected to reach 3.56 billion sq.m, with an expected CAGR of 4.5% from 2018 to 2023.

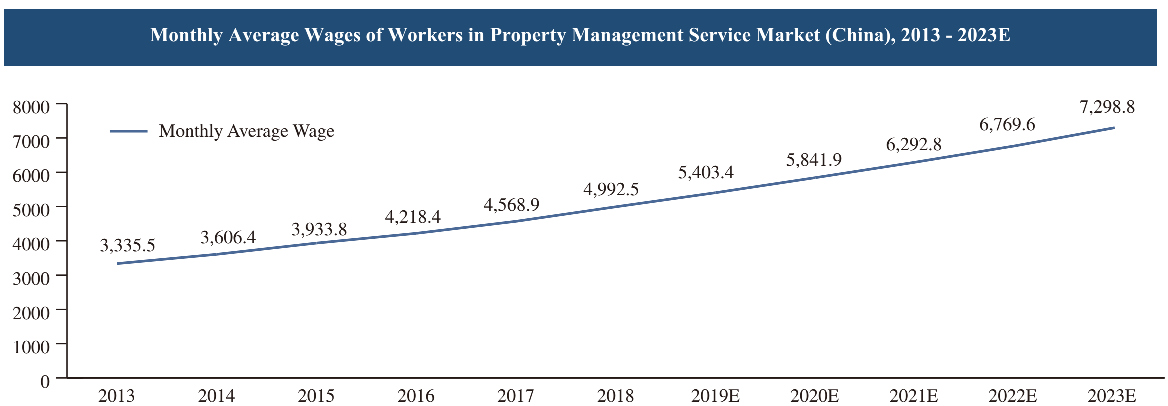
Total Revenue of Property Management Service Companies (Jiangsu Province)



Source: Frost & Sullivan

For property management service companies in Jiangsu Province, most of their revenue is generated from traditional property management services, accounting for approximately 78.2% in 2018. From 2013 to 2018, the total revenue of property management service companies in Jiangsu Province has increased from RMB30.8 billion to RMB48.2 billion, with a CAGR of 9.4%. In 2023, the total revenue is expected to reach RMB72.7 billion, with a CAGR of 8.6% from 2018 to 2023. In recent years, property management service companies have been seeking to diversify their service and revenue streams. With the increasing diversification of services, the total revenue of other services provided by those companies has grown from RMB4.6 billion in 2013 to RMB10.5 billion in 2018 and is expected to reach RMB21.4 billion in 2023, with a CAGR of 15.3% from 2018 to 2023.

Average Wages of Workers in Property Management Service Market



Source: Frost & Sullivan

With the rapid growth of China's economy and property management service market, the average wages of workers in property management service market have risen continuously in recent years. From 2013 to 2018, the monthly average wages of workers in property management service market has increased from RMB3,335.5 in 2013 to RMB4,992.5 in 2018, with a CAGR of 8.4%. In 2023, the monthly average wages of workers are expected to reach RMB7,298.8, with a CAGR of 7.9% from 2018 to 2023. The labour costs of property management service companies generally account for approximately 50% to 80% of their total costs in 2018.

Market Drivers

Increasing Per Capita Disposable Income and Rapid Urbanisation: From 2013 to 2018, per capita annual disposable income witnessed an increase from RMB26,467 to RMB39,251 with a CAGR of 8.2%. Such growth has a positive effect on Chinese residents' purchasing power and demand for property management services. During the same period, the urbanisation rate in China increased by 5.9 percentage points, from 53.7% to 59.6%. The rapid urbanisation results in an increasing demand for property management services with the rapid growth of real estate market. Therefore, the increasing per capita disposable income and the continuous urbanisation have been one of the main drivers for the property management service market.

Population, Urbanisation and Per Capita Annual Disposal Income (China, Yangtze River Delta Megalopolis and Jiangsu Province)

	2013	2014	2015	2016	2017	2018	2013-2018 CAGR
China							
Total Population (million)	1,360.7	1,367.8	1,374.6	1,382.7	1,390.1	1,395.4	0.5%
Urban Population (million)	731.1	749.2	771.2	793.0	813.5	831.4	2.6%
Urbanisation Rate	53.7%	54.8%	56.1%	57.4%	58.5%	59.6%	2.1%
Per Capita Annual Disposal Income (RMB)	26,467	28,844	31,195	33,616	36,396	39,251	8.2%
Yangtze River Delta Megalopolis							
Total Population (million)	149.9	150.5	151.0	151.7	152.7	154.0	0.5%
Urban Population (million)	102.0	103.7	104.9	107.0	109.0	111.4	1.8%
Urbanisation Rate	68.0%	68.9%	69.5%	70.5%	71.4%	72.3%	1.2%
Per Capita Annual Disposal Income (RMB)	36,912	39,811	43,040	46,521	50,375	54,664	8.2%
Jiangsu Province							
Total Population (million)	79.4	79.6	79.8	80.0	80.3	80.5	0.3%
Urban Population (million)	50.9	51.9	53.1	54.2	55.2	56.0	1.9%
Urbanisation Rate	64.1%	65.2%	66.5%	67.8%	68.7%	69.6%	1.6%
Per Capita Annual Disposal Income (RMB)	31,586	34,346	37,174	40,152	43,622	47,200	8.4%

Source: National Bureau of Statistics of China; Frost & Sullivan

Continuous Development of Real Estate Market: The PRC government has increased the land supply owing to the continuous urbanisation and growing per capital disposable income. Thus, the real estate market achieved continuous development in recent years. The total GFA of commodity properties transacted in China increased from 1,305.5 million sq.m. in 2013 to 1,716.5 million sq.m. in 2018, with a CAGR of 5.6%. Accordingly, the continuous development of real estate market drives the demands for property management services.

Extensive Implication of Data Digitalisation and Technology: Property management service companies in China have delivered more and more standardised services along with the development of property management service market. In particular, the improvement of information technology and data digitalisation enables companies to improve the quality of services and reduce the cost of operation, labour cost, energy and material consumption effectively.

Involvement in Capital Market: With the wider participation of property management service companies in the capital market, good support from capital market is a major driver of the property management service market. Diversified capital operation methods can accelerate the integration and mergers and acquisitions among property management service companies, which can enable companies to significantly increase market share and form scale management effect. Moreover, involvement in capital market can accelerate the improvement of service quality and increase the brand reputation and recognition from customers.

Growing Demands from Non-residential Properties and for Value-added Services: Along with the acceleration of infrastructure construction and extensive layout of commercial properties and public facilities due to urbanisation, the increasing number of non-residential properties such as office buildings, hospitals, shopping malls, parks and schools stimulates the demands for property management services. Simultaneously, owing to the continuous improvement of living standards, there are growing demands and higher requirements for property management services especially for value-added services which can satisfy all aspects of daily life.

Favourable Policies: As Shanghai is considered as an economic centre and the Yangtze River Delta is regarded as an international gateway, the PRC government has continued to provide necessary policy supports to the development of urban agglomeration in the Yangtze River Delta Megalopolis. For example, in September 2013, Shanghai Free Trade region was established. In 2018, the State Council issued "Opinions on Establishing a New Mechanism for More Effective Regional Harmonious Development" (《關於建立更加有效的區域協調發展新機制的意見》) to upgrade the development planning of the Yangtze River Delta Megalopolis to the level of national strategy centring on Shanghai. The supporting policies for this region have encouraged the economic development and bring development opportunities for property management service companies in the Yangtze River Delta Megalopolis. Furthermore, to promote healthy and sustainable development of the property management service market in Jiangsu Province, a series of supportive and favourable policies has been proposed by the provincial government in the past few years. For instance, Jiangsu Provincial Department of Housing and Urban Rural Construction issued the "Development Planning of Property Management Service Industry in Jiangsu Province During the 13th Five-Year Plan" (《江蘇省"十三五"物業管理行業發展規劃》) in 2017 to actively standardise the property management service market and promote the transformation and upgrading in Jiangsu Province.

Future Opportunities

Enhanced Standardisation and Automation: The quality of property management services from different companies could vary significantly. Thus, an increasing number of leading companies are making efforts to enhance the standardisation of property management services, such as intelligent system in communities, including access control system, parking management system etc. In addition, more investment in automation technology is purposed to improve the efficiency of property management services. Those companies are expected to improve the efficiency of corporate management and foster quality services through enhancing automation technology.

Accelerated Industry Concentration: The degree of concentration of the property management service market is increasing in recent years as a result of policy environment, market competition and information technology. Property management service companies are making efforts to develop alliance and consolidation to achieve scale of economies resulting in the increasing concentration level of China's property management service market. In particular, a few of leading property management service companies are seeking access to enhance management standards and core competitiveness through mergers and acquisitions.

Expansion of Service Scope: Property management services gradually extend from residential properties to non-residential properties such as offices, industrial parks, public facilities. With the separation and transfer of "Three Supplies and One Industry" ("三供一業"), more property types will be included in the property management service scope, and service providers will participate in the municipal management gradually. Combined with community consumption upgrades, property management service companies will extend from the traditional property management services to life services which refers to various services covering all aspects of daily life such as shopping, travel, group buying, express delivery, etc., further expanding the business chain and industrial chain in the future.

Specialised and Segmented Services: With the gradual increase of the property management service scope, key players have continuously increased their scale. Facing with fierce competition, small and medium-sized property management service companies will seek their own living space in specialised and segmented services such as commercial office, childcare, tourism, education, health, industrial parks, etc., concentrate on differentiated strategies and create distinctive service brands. In the future, it is predicted that there will be a group of small and medium-sized companies that specialise in a certain service field and maintain their own management and operation advantages in China's property management service market.

Potentials in Non-residential Properties: Property management service companies are expanding services to more diversified types of properties especially non-residential properties and it is the development trend of property management service market in China. There are relatively higher entry barriers to provide services in non-residential properties. For instance, hospitals require strong capability of resource integration and management owing to complex building layout and advanced medical equipment. Meanwhile, due to high requirement for property management services and relatively moderate competition, providing services in non-residential properties is more profitable.

Potential from Lower-tier Cities: Although the Yangtze River Delta Megalopolis includes a number of advanced cities with sound economy such as Shanghai, Nanjing and Hangzhou, there are still considerable potentials in lower-tier cities such as Zhenjiang and Yangzhou in Jiangsu Province, Wuhu and Chuzhou in Anhui Province and Huzhou and Zhoushan in Zhejiang Province which are under-development, conductive to expand geographical coverage for property management service companies. Moreover, the relatively immature property management service market in these cities could provide potential opportunities for the property management service companies who have plans to seize market shares at early stage.

Wide Application of O2O Platforms to Provide Value-added Services: Further development of the Internet industry, increasing diversified demands for property management services and development of residential community services will promote the growth of the residential community O2O platforms. Property management service companies generally provide value-added services through O2O platforms. The application of O2O platforms could not only integrate offline and online resources but also provide relevant property management services with high convenience and efficiency, which has been a developing trend in the property management service market as a large number of middle and high-end residential and non-residential properties, which require diversified and comprehensive property management services of high efficiency and quality, are located in the Yangtze River Delta Megalopolis. Accordingly, in the well-developed property management service market in the Yangtze River Delta Megalopolis, the market participants are expected to concentrate on developing O2O platforms to maintain competitive advantages.

Promotion of Overall Coverage of Property Management Services: To facilitate the development of property management service market, Jiangsu Province has been devoted to accelerate the renovation of old residential communities by providing traditional property management services including cleaning, security and garden landscape maintenance, and will further promote the overall coverage of property management services in the future. Meanwhile, Jiangsu Province will strive to establish a standard system and supervision system of property management service market and continuously expand the coverage of the standard system and supervision system.

Potential Threats and Challenges

Increasing Labour and Operation Cost: Property management service industry is a labour-intensive industry and involves a large number of workers such as security guards, cleaners and maintainers. The minimum monthly wage has been increasing continuously in recent years. In addition, utility fees such as electricity and water also increased in the last few years. The rising labour cost and operation cost may reduce the profit margin for property management service companies.

Intense Competition: There is highly intense competition in the property management service market in the Yangtze River Delta Megalopolis due to high urbanisation rate, accelerated economic development and sufficient distribution of residential and non-residential properties. To maintain the competitiveness, property management service companies have to increase capital investments to expand service scope, improve service quality and maintain brand reputation. Meanwhile, the monthly average wages of workers in property management service market in the Yangtze River Delta Megalopolis are higher than that in China, which brings more cost pressures to property management service companies and further leads to intense competition.

Entry Barriers

Brand Reputation: Most consumers prefer renowned property management service companies over less well-known service providers. A well brand reputation relies on years of management and accumulation thus the brand reputation of well-known and experienced companies built over the years cannot be easily caught up by a new participant.

Capital Requirement: An increasing number of property management service companies are in the process of replacing labour with management system and equipment for intensive physical work in order to enhance the operational efficiency. Thus, the shift towards becoming a capital-intensive industry has further raised the capital requirement for new participants.

Customer Relationship: Customer relationship is one of the determinant factors affecting the business of property management service companies. For instance, the cooperation with some customers such as hospitals and government institutions which have greater demands for high-quality property management services is based on good customer relationship. Thus, the new players in this market are not easy to achieve such a good customer relationship.

Operation and Management Capability: With China's property management service becoming more professional and standardised, capable and stable management team has become an important requirement for property management service companies to maintain its competitive advantage in the market. As a result, the capability of offering services more efficiently is a challenge for many companies especially for the new players in the market. Thus, operation and management capability has been one of the entry barriers in property management service market in China.

Technology Level: Each property management service company has core information operation and management capabilities, especially the establishment of information system. Key players establish their information system by combining with their own business characteristics, which has formed their technological advantages through long-term exploration. Therefore, technological level is also a barrier for new participants in the property management service market.

Human Resources: Along with the long-term operation, property management service companies have formed their own talent reserve, training mechanism and incentive system. There is an obvious gap between new participants and key players in the introduction and cultivation of talents and the unified values and understanding on the overall company. Meanwhile, talents tend to work for established companies in property management service market rather than new participants.

Qualifications and Licences of Services: A minority of property management service companies can provide specialised services which require relevant qualifications and licences such as repair and maintenance of specialised elevators, escalators and mechanical car park equipment while those companies without such qualifications and licences have to engage subcontractors. For new participants, qualifications and licences is one of entry barriers which might greatly increase their cost pressure for outsourcing specialised services.

COMPETITIVE LANDSCAPE

Top Five Property Management Service Companies (China), 2018

Ranking	Company	Background Information	Market Share (%)
1	Company A	A leading property management service company in China, providing property management service, pre-delivery service, community asset service, community life service, intelligent technology service, etc.	3.17%
2	Company B	A listed company who is a leading happy living service provider nationwide, providing property service, community living service and consulting service	2.24%
3	Company C	A listed company who is a leading residential property management service company in China, providing property management services, community value-added services and value-added services to non-property owners	1.45%
4	Company G	A leading property management service company in China who has wide coverage nationwide mainly in South China	1.39%
5	Company H	A leading property management service company who provides comprehensive property management services and development service of property management service platform	1.39%
Top five			9.64%
Others			90.36%
Total			100%

Source: Annual Reports; Frost & Sullivan

China's property management service market was significantly fragmented. As of 2018, there were over 100,000 property management service companies in China, with the top five companies accounting for only approximately 9.64% and the top 10 companies accounting for only approximately 16.1% of total revenue of the property management service market in China. Our Group ranked the 34th among the China Top 100 Property Management Companies (中國物業百強企業) in 2019.

Top Five Property Management Service Companies (Jiangsu Province), 2018

Ranking	Company	Background Information	Market Share (%)
1	Company A	A leading property management service company in China, providing property management service, pre-delivery service, community asset service, community life service, intelligent technology service, etc.	2.01%
2	Company B	A listed company who is a leading happy living service provider nationwide, providing property service, community living service and consulting service	1.24%
3	Company C	A listed company who is a leading residential property management service company in China, providing property management services, community value-added services and value-added services to non-property owners	1.19%
4	Company D	A listed company who is a reputable property management service company focusing on mid to high-end properties, providing property management services, extended value-added services and community value-added services	1.12%
5	Our Group	An established property management service provider in the PRC, providing diversified property management services and community value-added services	0.97%
Top five			6.53%
Others			93.47%
Total			100%

Source: Annual Reports; Frost & Sullivan

The property management service market in Jiangsu Province is relatively segmented, with the top five companies accounting for approximately 6.53% in terms of total revenue in 2018. In terms of total revenue in 2018, our Group was ranked 5th with a revenue of RMB467.7 million, accounting for approximately 0.97% of total revenue of property management service market in Jiangsu Province. We were awarded with (a) China Top 100 Property Management Companies (中國物業服務百強企業) from 2017 to 2019 in terms of business size, operational efficiency, service quality, growth potential and social responsibility; (b) China Top 100 Property Management Companies (2018中國物業服務行業市場化營運領先企業) in terms of marketisation of business in 2018 and 2019; and (c) China Top 100 Property Management Companies (中國物業服務百強滿意度領先企業) in terms of customer satisfaction from 2017 to 2019.

Top Five Property Management Service Companies (Nanjing), 2018

Ranking	Company	Background Information	Market Share (%)
1	Our Group	An established property management service provider in the PRC, providing diversified property management services and community value-added services.	5.77%
2	Company D	A listed company who is a reputable property management service company focusing on mid to high-end properties, providing property management services, extended value-added services and community value-added services	4.69%
3	Company A	A leading property management service company in China, providing property management service, pre-delivery service, community asset service, community life service, intelligent technology service, etc.	2.69%
4	Company E	A leading property management service company mainly focusing on non-residential properties including commercial complex, logistics centres and office buildings in Nanjing	2.48%
5	Company F	A leading property management service company for non-residential properties including schools, commercial properties, hospitals, public facilities and industrial parks in Jiangsu Province	1.95%
Top five			17.58%
Others			82.42%
Total			100%

Source: Annual Reports; Frost & Sullivan

The revenue growth rate of the top market players in Jiangsu Province was between 28.0% and 34.0% and between 26.0% to 35.0% in FY2017 and FY2018, respectively. The revenue growth rate of the top market players in Nanjing was between 25.0% and 38.0% and between 28.0% and 35.0% in FY2017 and FY2018, respectively. The revenue growth rate of the Group was comparable to the revenue growth rate of the top property management service companies in Jiangsu Province and Nanjing in FY2017 and FY2018.

The average monthly property management fees for residential properties and non-residential properties of the top market players in Jiangsu Province in 2018 were between RMB2.3 per sq.m. and RMB2.6 per sq.m. and between RMB6.8 per sq.m. and RMB7.5 per sq.m., respectively. The average monthly property management fees for residential properties and non-residential properties of the top market players in Nanjing in 2018 were between RMB2.1 per sq.m. and RMB2.8 per sq.m. and between RMB4.9 per sq.m. and RMB7.5 per sq.m., respectively.

Cost structure of property management service companies generally includes labour cost, subcontracting cost, service cost including maintenance, cleaning, greening and gardening, utilities, transportation cost, office and communication cost, community activities cost, marketing cost and others, among which labour cost and subcontracting cost are the major costs in cost structure. The total proportion of labour cost and subcontracting cost in cost structure of the top market players in Jiangsu Province in 2018 was between 78.0% and 84.8%. The total proportion of labour cost and subcontracting cost in cost structure of the top market players in Nanjing in 2018 was between 79.0% and 84.4%. The cost structure of the Group was in line with the industry norm.

As an established property management service provider in the PRC, Our Group has competitive strengths in capability of attracting new customers and retaining our existing customers, capability of providing quality property management services and maintaining our momentum in business growth by upholding our business model, capability of offering diversified property management services across various types of properties which allows us to diversify our source of revenue, capability of providing diversified community value-added services to our customers and experienced management team and cohesive operational team with proven execution capabilities.

This section sets out a summary of the most significant PRC laws and regulations that affect our business and the industry in which we operate.

FOREIGN INVESTMENT

Law of the PRC on Wholly Foreign-Owned Enterprise (《中華人民共和國外資企業法》), which was promulgated and came into effect on 12 April 1986, and was amended on 31 October 2000 and 3 September 2016, respectively, and the Detailed Rules for the Implementation of the Law of the PRC on Wholly Foreign-Owned Enterprises (《中華人民共和國外資企業法實施細則》) which was promulgated and came into effect on 12 December 1990, and was amended on 12 April 2001 and 19 February 2014, respectively, stipulate the establishment, change, approval procedures of the wholly foreign-owned enterprises.

According to the Interim Administrative Measures for the Record-Filing of the Incorporation and Change of Foreign-Invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》), which was promulgated and came into effect on 8 October 2016, and was amended on 30 July 2017 and 29 June 2018, respectively, the record-filing administration is applicable to the establishment and change of foreign-invested enterprises that do not involve special administrative measures for access, and the enterprises shall submit the filing information on the establishment and change of foreign-invested enterprises online when they handle the registration of establishment and change with the authorities of industry and commerce and market supervision and management. The filing authorities shall start to handle the filing procedures from the time when it obtains the filing information forwarded by the authorities of industry and commerce and market supervision and management.

The Interim Provisions on Investment Made by Foreign-Invested Enterprises in PRC (《關於外商投資企業境內投資的暫行規定》) which was promulgated on 25 July 2000, came into effect on 1 September 2000, and was amended on 28 October 2015, stipulates that the domestic investment of foreign-invested enterprises shall comply with the requirements set out in the (i) Interim Provisions on Guiding the Direction of Foreign Investment (《指導外商投資方向暫行規定》) promulgated on 20 June 1995 and coming into effect on the same day, which was replaced by the Provisions on Guiding the Direction of Foreign Investment (《指導外商投資方向規定》) promulgated on 11 February 2002 and coming into effect on 1 April 2002, and (ii) the Catalogue for the Guidance of Foreign Investment Industries (《外商投資產業指導目錄》) promulgated in 1995 and amended or restated from time to time.

Pursuant to the Catalogue for the Guidance of Foreign Investment Industries (《外商投資產業指導目錄》), the "Guidance Catalogue") which was most recently amended on 28 June 2017 and came into effect on 28 July 2017, the industries invested by foreign investors are classified into two categories: encouraged industries and the industries included in special administrative measures for the access of foreign investment (i.e. the "Negative List") (including restricted industries and prohibited industries). The Special Administrative Measures for the Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (the "Negative List ") which was promulgated on 28 June 2018 and restated on 30 June 2019 and came into effect on 30 July 2019, replaced the portion of special administrative measures for the access of foreign investment in the Guidance Catalogue. The Catalogue of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (the "Encouraged Catalogue") which was promulgated on 30 June 2019 and came into effect on 30 July 2019, replaced the encouraged industries in the Guidance Catalogue. Foreign investors shall not invest in the fields for which foreign investment is prohibited in the Negative List. Investment in restricted fields of investment in the Negative List shall obtain foreign investment access permit. Unless otherwise prescribed by the

PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraged Catalogue and the Negative List is a permitted industry for the foreign investment. Accordingly, property management service industry is a permitted foreign investment industry.

On 15 March 2019, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) was adopted at the Second Session of the 13th National People's Congress. It was promulgated on 15 March 2019 and will be effective as of 1 January 2020. When being effective, the Foreign Investment Law will replace the Law on Chinese-Foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》), the Law on Chinese-Foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) and the Law on Wholly Foreign-Owned Enterprises (《外資企業法》) to become the legal foundation for foreign investment in the PRC. According to the Foreign Investment Law, foreign investment refers to any investment activity directly or indirectly carried out by foreign natural persons, enterprises or other organisations (hereinafter "Foreign Investors"). The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list.

PROPERTY MANAGEMENT SERVICES

Qualifications of Property Management Enterprises

According to the original Regulations on Property Management (《物業管理條例》) which was promulgated on 8 June 2003, came into effect since 1 September 2003, and was amended on 26 August 2007, 6 February 2016, respectively, the State adopts a qualification administration system for enterprises engaged in property management activities.

According to 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》) (Guo Fa [2017] No.7), which was promulgated and came into effect on 12 January 2017, qualification accreditation of property management enterprises of Level two or below was canceled.

According to 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》) (Guo Fa [2017] No.46), which was promulgated and came into effect on 22 September 2017, qualification accreditation of property management service enterprises of Level one was canceled.

According to 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》) (Jian Ban Fang [2017] No.75), which was promulgated and came into effect on 15 December 2017, 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 in any way. The Decision of Ministry of Housing and Urban-Rural Development on Abolishing Measures for the Administration on Qualification of Property Management Enterprises (《住房城鄉建設部關於廢止〈物業服務企業資質管理辦法〉的決定》) (Order No. 39 of the MOHURD) which was promulgated and came into effect on 8 March 2018, abolished Measures for the Administration on Qualification of Property Management Enterprises (《物業服務企業資質管理辦法》) and canceled the accreditation of qualifications of property management enterprises.

The Decision of the State Council on Revising and Repealing Certain Administrative Regulations (2018) (《國務院關於修改和廢止部分行政法規的決定(2018年)》) (Order No. 698 of the State Council) which was promulgated and came into effect on 19 March 2018, deleted the requirements on qualifications of property management enterprises in the Regulations on Property Management. According to the Regulations on Property Management (2018 Revision) which was promulgated and implemented on 19 March 2018, the requirement on qualifications of property management enterprises was canceled.

Appointment of the Property Management Enterprises

According to the Property Law of the PRC (《中華人民共和國物權法》), which was promulgated on 16 March 2007 and came into effect on 1 October 2007, the property owners can either manage the buildings and ancillary facilities by themselves or engage a property management enterprise or other custodians. As regards the property management enterprise or any other custodians hired by the developer, the owners are entitled to make a replacement according to relevant laws. Property management enterprises or other custodians shall manage the buildings and ancillary facilities within the building area based on the agreement with the owners and shall be subject to the supervision of the owners. According to the Regulations on Property Management, a general meeting of the property owners can engage or dismiss the property management enterprise with affirmative votes of owners who exclusively own more than half of the total construction area of the building(s) and who account for more than half of the total number of the property owners. The property owners' association may enter into a property management service contract on behalf of owners with the property management enterprise engaged in the owners' general meeting. Before the engagement of a property management enterprise by property owners and a general meeting of the property owners, a written preliminary property management service contract should be entered into between the developer and the selected and engaged property management enterprise. The preliminary property management service contract may stipulate the contract term. However, if the property management service contract entered into by and between the property owners association and the property management enterprise comes into force within the term of the preliminary property management service, the preliminary property management service contract shall be terminated automatically.

According to the Regulations on Property Management and the Interim Measures for Bid-Inviting and Bidding Management of Preliminary Property Management (《前期物業管理招標投標管理暫行辦法》) (Jian Zhu Fang [2003] No. 130) which was promulgated on 26 June 2003 and came into effect on 1 September 2003, the developer of residential buildings and non-residential buildings located in the same property management area shall engage qualified property management enterprises through bid-invitation and bidding. In cases where there are less than three bidders or the property scale is relatively small, the developer can hire qualified property management enterprise through agreement with the approval of the real estate administrative department of the local government of the place where the property is located. Where a developer fails to hire a property management enterprise through bid-invitation and bidding or selects an enterprise by agreement without the approval of the relevant government authorities, the competent real estate administrative department of the local government above the county level shall order it to rectify within a prescribed time limit, issue a warning and impose with the penalty of no more than RMB100,000.

According to Interpretation of the Supreme People's Court on Several Issues concerning the Specific Application of Law in Hearing Cases of Property Management Service Disputes (《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》) (Fa Shi [2009] No. 8), which was promulgated on 15 May 2009 and came into effect on 1 October 2009, the preliminary property management service contract entered into by a developer and a property management enterprise pursuant to relevant laws and regulations and the property management service contract entered into by the owners' association and the property management enterprise hired by the owners' general meeting pursuant to relevant laws and regulations shall be binding on the property owner. Where any property owner pleads against such contract as he/she is not the contract party thereto, it shall not be supported by the people's court. The court shall support a claim if property owners' association or property owners appealed for the court to confirm the clause of property management service contracts which exempt the responsibility of property management enterprise, or which aggravate the responsibility or exclude the rights of property owners' association or property owners are invalid.

Property Management Service Charges

According to the Regulations on Property Management, the property owners shall pay property management fee based on the agreement of the property management service contract. As for the properties which have been completed but have not been sold or delivered to the purchasers of the properties, property management fee shall be paid by the developer.

According to Administrative Measures on Property Management Service Charges (《物業服務收費管理辦法》) (Fa Gai Jia Ge [2003] No. 1864), which was promulgated on 13 November 2003 and came into effect on 1 January 2004, property management service charges shall be priced under the government's guidance and market regulation respectively based on the nature and characteristics of different properties. In what way the charges are priced shall be determined by the competent administrative departments of price under the people's governments of all provinces, autonomous regions and municipalities, in concert with the competent departments of real estate.

As agreed between the property owner's and property management enterprises, the fees for the property management services can be charged either as a lump sum basis (包幹制) or a commission basis (酬金制). The lump sum basis refers to the charging mode requiring property owners to pay fixed property management expenses and allowing 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 service contract, and property owners shall enjoy or assume the surplus or deficit.

Property management enterprises shall clearly mark prices according to the regulations of competent price 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.

According to the Provisions on Clearly Marking the Prices of Property Services (《物業服務收費明碼標價規定》) (Fa Gai Jia Jian [2004] No. l428) which was promulgated on 19 July 2004 and came into effect on 1 October 2004, property management enterprises shall clearly mark the price, state service items and charging standards and relevant information on services (including property services under the property management service contract and the services entrusted by property owners in addition to the services under property management service contract) provided to the owners in accordance with this Provisions on Clearly Marking the Prices of Property Services. If the charging standard under the principle of clearly marking the price for property management services 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.

According to the Measures for Property Management Pricing Costs Supervision and Examination (Trial) (《物業服務定價成本監審辦法(試行)》) (Fa Gai Jia Ge [2007] No.2285) jointly issued by the NDRC and the Ministry of Construction on 10 September 2007 and coming into effect on 1 October 2007, competent pricing departments of people's government formulate and regulate the property management charging standard where the government guidance price shall be implemented and conduct pricing cost supervision and examination on relevant property management enterprises. Property management pricing cost is determined according to the social average cost of property management services verified by the competent pricing department of people's government. With the assistance of competent real estate administrative departments, competent pricing departments are responsible to organize the supervision and examination of the property management pricing cost. 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.

According to the Circular of National Development and Reform Commission on the Opinions on Relaxing Price Controls in Certain Services (the "**Circular**") (《國家發展改革委關於放開部分服務價格意見的通知》) (Fa Gai Jia Ge [2014] No. 2755), which was promulgated and came into effect on 17 December 2014, the price control on property management fee of non-government-supported houses was canceled. The competent price administration departments at provincial level and the administrative departments of housing and urban-rural development have the authority to decide whether to implement government guidance prices for charges of property management fees for government-supported houses, housing-reform properties and properties in old residential areas and service fees under preliminary property management based on actual situation.

According to the Notice of Price Bureau of Jiangsu Province on Publishing the Pricing Catalogue of Jiangsu Province (《江蘇省物價局關於印發〈江蘇省定價目錄〉的通知》) (Su Jia Gui [2017] No.10), which was promulgated on 26 December 2017 and came into effect on 1 February 2018, government guidance prices continue to be applicable to the preliminary property public service of ordinary housing and supporting parking facilities, and the rent for parking lots of civil air defence is subject to Regulations on Property Management of Jiangsu Province (《江蘇省物業管理條例》) (Adopted by the 20th session of the 9th Standing Committee of People's Congress of Jiangsu Province), which was promulgated on 25 December 2000 and came into effect on 1 March 2001, and was amended on 25 October 2003, 29 November 2012, and 28 March 2018 respectively. Pursuant to Regulations on Property Management of Jiangsu Province, the specific charging standards for parking lots of civil air defence shall be formulated and promulgated by provincial price administrative authority in conjunction with the administrative authorities of property management, civil defence, etc.

Property Management Service Outsourcing

According to the Regulations on Property Management (2018 Revision), a property management enterprise may entrust a special service business within the property management area to a professional service enterprise, but it shall not entrust all the property management businesses within such area to third parties.

Labour and Social Security

According to the Labour Law of the PRC (《中華人民共和國勞動法》), which was promulgated on 5 July 1994, came into effect on 1 January 1995, and was amended on 27 August 2009 and 29 December 2018, respectively, an employee shall not work for more than eight hours a day and no more than 44 hours a week on average, and shall have at least one day's rest for a week. The aforesaid working hours are subject to extension to the extent as permitted by the law. Where an employer failed to comply with the stipulations on working hours, it may adopt other rules on working hours and rest with the approval of the labour administrative department. According to the Measures of the Ministry of Labour on Examination and Approval for the Flexible Working Hour System and the Working Hour System of Comprehensive Calculation Adopted by Enterprises (《勞動部關於企業實行不定時工作制和綜合計算工時工作制的審批辦法》) (Lao Bu Fa [1994] No. 503), which was promulgated on 14 December 1994, and came into effect on 1 January 1995, enterprises that practice the irregular working hour system due to the nature of their operation may adopt the working hour system of comprehensive-calculated working hours and other methods of work and rest.

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on 29 June 2007, came into effect on 1 January 2008, and was amended on 28 December 2012, and the Regulations on the Implementation of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (Order No. 535 of the State Council) which was issued by the State Council on 18 September 2008 and came into effect on the same day, stipulates that, to establish labour relationship with employees, employers are required to enter into written labour contracts with employees. Enterprises and organisations are forbidden to force the employees to work beyond the statutory time limit, and employers shall pay employees for overtime work in accordance with national regulations. In addition, the wages shall not be lower than local standards on minimum wages and shall be paid to the employees timely.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on 28 October 2010 and came into effect on 1 July 2011 and was amended on 29 December 2018, the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated and came into effect on 22 January 1999, and was amended on 24 March 2019, the Regulations on Work-Related Injury Insurance (《工傷保險條例》), which was promulgated on 27 April 2003, came into effect on 1 January 2004 and was amended on 20 December 2010, the Regulations on Unemployment Insurance (《失業保險條例》) (Order No. 258 [1999] of the State Council), which was promulgated and came into effect on 22 January 1999, and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) (Lao Bu Fa [1994] No. 504), which was promulgated on 14 December 1994 and came into effect on 1 January 1995, the enterprises in the PRC shall provide their employees with benefit programs including basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. Employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them, and their executive staffs and other directly responsible persons shall be fined RMB500 to RMB3,000. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of

0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the relevant administrative department.

According to the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated and came into effect on 3 April 1999, and was amended on 24 March 2002 and latest amended on 24 March 2019, the housing provident fund deposited by an employee and its employer shall be owned by the employee. An employer which hires employees is required to make registration with the relevant housing provident fund administration office. For entities failing to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the relevant housing provident fund administration office shall order the relevant entities to complete the relevant procedures within a prescribed time limit. Companies failing to make registration within the prescribed time limit will be fined RMB10,000 to RMB50,000. When an employer fails to pay up housing provident fund contributions in full amount as due, the housing provident fund administrative on office shall order such enterprise to pay up within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅征管體制改革方案》), which was issued by the General Office of the Communist Party of China (中共中央辦公廳) and the General Office of the State Council (國務院辦公廳) of the PRC on 20 July 2018, from 1 January 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities. Furthermore, according to the Notice by the General Office of the State Administration of Taxation on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費征管有關工作的通知》) ([2018] No.142 of the General Office of the SAT) issued on 13 September 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《人力資源和社會保障部關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) (Ren She Ting Notice [2019] No.142) issued on 21 September 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. Notice of the State Administration of Taxation on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支援和服務民營經濟發展若干措施的通知》) (Shui Zong Fa [2018] No.174) issued on 16 November 2018 repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

INTELLECTUAL PROPERTY RIGHTS

The Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated on 12 March 1984, came into effect on 1 April 1985, and was amended on 4 September 1992, 25 August 2000 and 27 December 2008, respectively, and the Implementation Regulations of the Patent Law of the PRC (中華人民共和國專利法實施細則), which was promulgated on 15 June 2001, came into effect on 1 July 2001, and was amended on 28 December 2002 and 9 January 2010, respectively, the State Intellectual

Property Administration (國家知識產權局) is responsible for administrating the nationwide patent work. The patent system of the PRC adopts the principle of "first to file", 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

According to the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated on 23 August 1982, came into effect on 1 March 1983 and was amended on 22 February 1993, 27 October 2001, 30 August 2013 and 23 April 2019 (to take effect on 1 November 2019), respectively, and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which was promulgated on 3 August 2002, came into effect on 15 September 2002, and was amended on 29 April 2014, the Trademark Bureau of the State Intellectual Property Administration of PRC (國家知識產權局商標局) shall be responsible for the registration and administration of trademarks throughout the country. A trademark seeking for registration shall be so distinctive as to be distinguishable and shall not infringe upon the prior legitimate rights of others. A registered trademark has 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 licence agreement, authorize others to use their registered trademarks. The trademark licence agreement shall be submitted to the trademark office for record-filing, and the trademark office shall publish the filing record. For trademarks, trademark law adopts the principle of "first to file" 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".

The Copyright Law

According to the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated on 7 September 1990, came into effect on 1 June 1991 and was amended on 27 October 2001 and 26 February 2010, respectively, and the Implementation Regulations of the Copyright Law of PRC (《中華人民共和國著作權法實施條例》), which was promulgated on 2 August 2002, came into effect on 15 September 2002, and was amended on 8 January 2011 and 30 January 2013, respectively, it is stipulated that works of citizens, legal persons or other organisations in the PRC, 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. The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) (Order No. 1 of the National Copyright Administration (國家版權局)), which was promulgated and came into effect on 20 February 2002, 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 administration of software copyright nationwide and recognises the China Copyright Protection Centre as the software registration organisation. The China Copyright Protection Centre 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》), which was promulgated on 20 December 2001, came into effect on 1 January 2002, and was amended on 8 January 2011 and 30 January 2013, respectively.

Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (Order No. 43 of the Ministry of Industry and Information Technology (工業和信息化部)), which was promulgated on 24 August 2017 and came into effect on 1 November 2017, the Ministry of Industry and Information Technology is responsible for managing and supervision of internet network domain names of China. The communications administrations of all provinces, autonomous regions and municipalities directly under the Central Government shall conduct supervision and administration of the domain name services within their respective administrative regions. The principle of "first to file" is applied for domain registration services. An agency of domain name registration that provides domain registration services shall require the applicant to provide the true, accurate and complete information about the domain name holder's identity for the registration purpose. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated on 16 March 2007, came into effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018, respectively, 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》), which was promulgated on 6 December 2007, came into effect on 1 January 2008 and was amended on 23 April 2019, enterprises are divided into resident enterprise and non-resident enterprise. A resident enterprise refers to an enterprise that is legally established inside the PRC, or which is established under the law of a foreign country (region) but whose actual management bodies (referring to the bodies conducting substantive and all-around management and control over the enterprises' production, operation, personnel, accounting matters, finance, etc.) are inside the PRC. Non-resident enterprises refer to the enterprises established under the laws of a foreign country (region) with the actual management body outside the PRC but with establishments or offices in the PRC or income originating from the PRC if without establishments or offices in the PRC. A resident enterprise shall pay the enterprise income tax on its incomes arising from both the PRC and overseas at the tax rate of 25%. A non-resident enterprise having offices or establishments inside the PRC shall pay enterprise income tax on its incomes earned by such offices or establishment from inside the PRC as well as its incomes which are earned outside the PRC but are actually associated with such offices or establishments at the tax rate of 25%. A non-resident enterprise having no office or establishment inside the PRC, or whose incomes have no actual connection to its office or establishment inside the PRC shall pay enterprise income tax on its incomes derived from inside the PRC at the reduced rate of 10%.

According to the Arrangement between the Mainland of the PRC and 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》), which was signed on 21 August 2006 and came into effect on 8 December 2006, if a company incorporated in Hong Kong holds 25% equity interests or more in a PRC company, its dividend obtained from the company incorporated in the PRC shall be taxed with a lower tax rate of 5% as the withholding tax. According to the Public Notice of the State Administration of Taxation on Issues Relating to Beneficial Owner in the Tax Treaty (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》) (Public Notice [2018] No.9 of the SAT), which was promulgated on 3 February 2018 and came into effect on 1 April 2018, if the company's activities do not constitute substantive business activities, it will be analysed according to the actual situation of the specific case, which may not be conducive to the determination of its "beneficiary owner" capacity, and thus may not enjoy the concessions under the tax treaty.

According to the Public Notice on Several Issues concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (Public Notice [2015] No.7 of the SAT), which was promulgated and came into effect on 3 February 2015 (Article 8.2 & 13 of this Announcement have been annulled), where a non-resident enterprise indirectly transfers equities and other assets of a PRC resident enterprise to avoid the enterprise income tax obligation by making an arrangement with no reasonable business purpose, such indirect transfer shall be redefined and recognised as a direct transfer in accordance with the provisions of the Enterprise Income Tax Law. Where the enterprise income tax on the income from the indirect transfer of real estate or equities shall be paid in accordance with the provisions of this Public Notice, the entity or individual that directly assumes the obligation to make relevant payments to the transferor according to the provisions of the relevant laws or as agreed upon in the contract shall be the withholding agent. If the equity transferor fails to declare and pay tax payable of indirectly transferred taxable property income in the PRC on time or in full amount, and the withholding agent fails to withhold the tax, in addition to recovering the tax payable, the equity transferor should be charged with interest on a daily basis according to the provisions of the Regulations on the Implementation of the Enterprise Income Tax Law.

Income Tax in Relation to Dividend Distribution

According to the Arrangement between the Mainland of the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, the 5% withholding tax rate shall apply to dividends paid by a PRC company to a Hong Kong tax resident, provided that such Hong Kong tax resident directly holds at least 25% of the equity interests in the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong tax resident if such Hong Kong tax resident directly holds less than 25% of the equity interests in the PRC company. According to 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》) (Guo Shui Han [2009] No.81), which was promulgated and came into effect on 20 February 2009, the following requirements shall be satisfied before a fiscal resident of the other party to a tax agreement can be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a Chinese resident company: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (ii) the entire 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 twelve consecutive months prior to receipt of the dividends, reach a percentage specified in the tax agreement.

The principal laws and regulations regulating the dividend distribution of dividends by foreign-invested enterprises in the PRC include the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated on 29 December 1993 and amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013 and 26 October 2018, the Wholly Foreign-Owned Enterprise Law and its implementation regulations promulgated, the Chinese-Foreign Equity Joint Venture Law of the PRC and its implementation regulations, and the Chinese-Foreign Cooperative Joint Venture Law of the PRC and its implementation regulations. Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital unless laws regarding foreign investment provide otherwise. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Value-Added Tax

According to the Temporary Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated on 13 December 1993, came into effect on 1 January 1994 and was amended on 5 November 2008, 6 February 2016 and 19 November 2017, respectively, 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》), which was issued on 25 December 1993 by the Ministry of Finance (財政部), came into effect on the same day and revised on 15 December 2008 and 28 October 2011, or collectively, the VAT Law. According to the VAT Law, entities and individuals engaging in sale of goods or the processing, repair and assembly services, sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of Value-Added Tax. The tax rate for taxpayers engaging in sale of services and intangible assets shall be 6% unless otherwise stipulated.

According to the Circular on Trial Scheme for the Conversion of Business Tax to Value-Added Tax (《關於印發〈營業稅改徵增值稅試點方案〉的通知》) (Cai Shui [2011] No.110), which was promulgated and came into effect on 16 November 2011, the State began to launch taxation reforms in a gradual manner with commencement from 1 January 2012, whereby the collection of VAT in lieu of business tax items was implemented on a trial basis in regions showing significant radiating effects in economic development and providing outstanding reform examples, beginning with production service industries such as transportation and certain modern service industries.

According to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-Added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No.36), which was promulgated on 23 March 2016 and came into effect on 1 May 2016, upon approval of the State Council, the pilot program of the collection of VAT in lieu of business tax shall be promoted nationwide in a comprehensive manner starting from 1 May 2016, and all business tax payers engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot program with regard to payment of value-added tax instead of business tax. For general service income, the applicable VAT rate is 6%.

FOREIGN EXCHANGE

According to the Administrative Regulations on Foreign Exchange of PRC (《中華人民共和國外匯管理條例》), which was promulgated on 29 January 1996, came into effect on 1 April 1996, and was amended on 14 January 1997 and 5 August 2008, respectively. Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but is not freely convertible into foreign currency for capital account items, such as direct investment or engaging in the issuance or trading of negotiable securities or derivatives unless the prior approval by the competent authorities for the administration of foreign exchange is obtained. In accordance with the Foreign Exchange Administrative Regulations and Administrative Regulations on Settlements, Sales and Payments of Foreign Exchange (《結匯、售匯及付匯管理規定》) (Yin Fa [1996] No. 210), which was promulgated on 20 June 1996 and came into effect on 1 July 1996, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of the SAFE for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.) or for trade and services-related foreign exchange transactions by providing commercial documents evidencing such transactions. Those enterprises are also allowed to retain foreign currency (subject to a cap approved by the SAFE) to satisfy foreign exchange liabilities. In addition, foreign exchange transactions involving overseas direct investment or investment and trading in securities, derivative products abroad are subject to registration with the competent authorities for the administration of foreign exchange and the approval or filings with the relevant government authorities (if necessary).

According to the Circular on the Management of Offshore Investment and Financing and Round Trip Investment By Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》(Hui Fa [2014] No.37) (the "**SAFE Circular No. 37**"), which was promulgated and came into effect on 4 July 2014, the SAFE carry out registration administration for domestic resident's establishment of special purpose vehicles (each an "**SPV**"). An SPV is defined as "offshore enterprise directly established or indirectly controlled by the domestic resident (including domestic institution and individual resident) with their legally owned assets or equity of the domestic enterprise, or legally owned offshore assets or equity, for the purposes of investment and financing." "Round Trip Investments" refers to the direct investment activities carried out within the PRC by a domestic resident directly or indirectly via an SPV, such as establishing a foreign-invested enterprise or project within the PRC through a new entity, merger or acquisition and other ways, while obtaining ownership, control, operation and management and other rights and interests." Before a domestic resident contributes its legally owned onshore or offshore assets or equity to an SPV, the domestic resident shall conduct foreign exchange registration for offshore investment with the local branch of the SAFE, and in the event of any change of basic information such as the domestic individual shareholder, name, operation term, or if there is a capital increase or decrease, equity transfer or swap, merge, spin-off or other material changes, the domestic resident shall complete foreign exchange alteration of the registration formality for offshore investment in a timely manner. In addition, according to the procedural guidelines as attached to the SAFE Circular No.37, the principle of review has been changed to "the domestic individual resident is only required to register the (first level) SPV directly established or controlled by him."

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No.13), which was promulgated on 13 February 2015 and came into effect on 1 June 2015, the initial foreign exchange registration for establishing or taking control of an SPV by domestic residents can be conducted with a qualified bank, instead of the local foreign exchange bureau.

According to the provisions of the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (Hui Fa [2015] No.19) (the "**SAFE Circular No.19**"), which was promulgated on 30 March 2015 and came into effect from 1 June 2015, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretional Foreign Exchange Settlement ("Discretional Foreign Exchange Settlement"). The Discretional Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution has been confirmed by the local foreign exchange bureau (or for which the account entry of monetary contribution has been registered by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise. The proportion of Discretional Foreign Exchange Settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined as 100%. The Renminbi converted from the foreign exchange capital will be kept in a designated account and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and go through the review process with the banks. Furthermore, the SAFE Circular No. 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (I) directly or indirectly used for payment beyond the business scope of the enterprises or payment prohibited by relevant laws and regulations; (II) directly or indirectly used for investment in securities unless otherwise provided by relevant laws and regulations; (Ill) directly or indirectly used for granting entrusted loans in Renminbi (unless permitted by the scope of business), repaying the inter-enterprise borrowings (including advances by third parties) and repaying bank loans in Renminbi that have been sub-lent to a third party; and (IV) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

According to the provisions of the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No.16) (《關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular No.16**"), which was promulgated and came into effect on 9 June 2016, enterprises incorporated in the PRC may also convert their foreign debts from foreign currency to Renminbi on self-discretionary basis. The SAFE Circular No.16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a discretionary basis which applies to all enterprises incorporated in the PRC. The SAFE Circular No.16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such converted Renminbi shall not be provided as loans to its non-affiliated entities unless it is within the business scope, shall not be used for investments in securities or other investment with the exception of bank financial products that can guarantee the principal within the PRC unless otherwise specifically provided, or shall not be used to build or to purchase any real estate that is not for the enterprise's own use with the exception for the real estate enterprise.

MERGER AND ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

According to the Provisions regarding Merger and Acquisition of Domestic Enterprises by Foreign Investors in the PRC (《關於外國投資者併購境內企業的規定》), which was promulgated on 8 August 2006, came into effect on 8 September 2006 and was amended on 22 June 2009 by the Decision to Amend the Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於修改〈關於外國投資者併購境內企業的規定〉的決定》) (Order No.6 [2009] of the MOFCOM) promulgated and coming into effect on 22 June 2009, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity interests in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity interests in a domestic enterprise via an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise by agreement and injects those assets to establish a foreign-invested enterprise. In the case where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company that is related to or connected with it/him, approval from MOFCOM is required.

According to the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-Invested Enterprises, the merger and acquisition of domestic non-foreign-invested enterprises by foreign investors shall, if not involving special access administrative measures and affiliated mergers and acquisitions, complete the record-filing procedures in accordance with the measures.

HISTORY AND DEVELOPMENT

Overview

Our history can be traced back to December 1997 when Yincheng Property Services, one of our principal operating subsidiaries, was founded by Yincheng Real Estate (then known as Nanjing Yincheng Real Estate Development Company* (南京銀城房地產開發總公司) which was ultimately owned by the PRC government as a whole people-owned enterprise (全民所有制企業)) and Nanjing Yinbo Trading Company* (南京銀波工貿公司) (then wholly-owned by Yincheng Real Estate) in the PRC. Leveraging on the industry experience of Yincheng Real Estate in property development and in view of the demand and great potential in the property management industry, Yincheng Property Services began to engage in the provision of property management services in Nanjing, the PRC upon its establishment.

Yincheng Real Estate obtained an approval from the Gulou District Reform Group of Nanjing City* (南京市鼓樓區綜合配套改革領導小組) in December 2001 to be restructured and several of its then employees, including Mr. Huang, became the shareholders of Yincheng Real Estate and Yincheng Property Services.

In November 2000, Yincheng Technology was established in the PRC and we gradually expanded our scope of business to provide repair and maintenance services.

In January 2012 and March 2013, Yincheng Fitness and Yincheng Huimeijia were established in the PRC, respectively, and we gradually expanded our scope of business to provide fitness-related services and community value-added services. In March 2017, Yincheng Meijia was established in the PRC and we further expanded our scope of business to provide building decoration services.

Yincheng Property Services was listed on the NEEQ in April 2016 and subsequently delisted from the NEEQ in April 2018, further details of which are set out in the paragraph headed "Our Group Structure and Corporate History — Shareholding changes during the Track Record Period and up to the Latest Practicable Date unrelated to the Reorganisation — Yincheng Property Services" in this section below.

Through our years of operations, we have successfully expanded the geographical presence of our property management services from Nanjing to ten other cities in the PRC as at 30 April 2019, including seven cities in the Jiangsu Province and three cities in other provinces in the Yangtze River Delta Megalopolis. As at 30 April 2019, we managed 197 properties (including 89 residential properties and 108 non-residential properties), with GFA under management reaching approximately 19.6 million sq.m..

Key milestone events of our Group

The following table summarises various key milestone events of our Group's business development:

Year	Milestone event
1998	Yincheng Property Services began to provide property management services to Residence 99* (九九公寓) in Nanjing, the PRC, being our first residential property management project
2007	The residential property The Lord's Road (御道家園) in Nanjing, the PRC which is managed by Yincheng Property Services was awarded the 2007 Jiangsu Province Property Management Demonstration and Excellent Project* (2007年度江蘇省物業管理示範、優秀項目)
2008	The residential properties Jufuyuan West Garden* (聚福園西園), Baochuan Tingtao* (寶船聽濤) and Yincheng East Garden* (銀城東苑) in Nanjing, the PRC which are managed by Yincheng Property Services were awarded the 2008 Jiangsu Province Property Management Demonstration and Excellent Project* (2008年度江蘇省物業管理示範、優秀項目)
2009	Yincheng Property Service expanded its geographical presence and began to provide property management services in Wuxi, the PRC
	Yincheng Property Services was first accredited with the ISO9001 and ISO14001 certifications
2016	Yincheng Property Services listed its shares on the NEEQ in April (stock code: 836726)
	Yincheng Property Services expanded its geographical presence and began to provide property management services in Hefei and Zhenjiang, the PRC
	The residential properties Yincheng Plaza* (銀城廣場) and Juzeyuan* (聚澤園) which are managed by Yincheng Property Services was awarded the 2016 Provincial Demonstration Property Management Project* (2016年度省級示範物業管理項目)

Year	Milestone event
2017	Yincheng Property Services expanded its geographical presence and began to provide property management services in Suzhou, the PRC
	Yincheng Property Services was awarded the 2017 China Top 100 Property Services Enterprises* (2017中國物業服務百强企業), 2017 Top 100 Satisfactory Property Services Enterprises* (2017中國物業服務百强滿意度領先企業), 2017 China Featured Brand Property Services Enterprises* (2017中國物業服務特色品牌企業) and 2017 China Blue Chip Property Enterprise* (2017中國藍籌物業企業)
2018	Yincheng Property Services was delisted from the NEEQ in April
	Yincheng Property Services expanded its geographical presence and began to provide property management services in Changzhou, the PRC
	Yincheng Property Services was awarded the 2018 Leading Brand of East China Property Service Companies* (2018中國華東物業領先品牌) and 2018 China Top 100 Property Management Companies* (2018中國物業服務行業市場化營運領先企業)
2019	Yincheng Property Services expanded its geographical presence and began to provide property management services in Hangzhou, the PRC

OUR GROUP STRUCTURE AND CORPORATE HISTORY

Upon completion of the Reorganisation, our Group consists of (i) our Company; (ii) three intermediate holding companies incorporated in the BVI, Hong Kong and the PRC respectively; and (iii) 15 subsidiaries and one associated company incorporated in the PRC.

Our major operating subsidiaries and associated company in the PRC

Set out below are our major PRC operating subsidiaries and associated company which are material to the performance of our Group during the Track Record Period:

Name	Date of incorporation	Equity ownership as at 1 January 2016 (i.e. the beginning of the Track Record Period) or date of incorporation if the incorporation date is later than 1 January 2016	Equity ownership after completion of the Reorganisation	Registered capital after completion of the Reorganisation	Principle business activities
		(Approximate %)	*(Approximate %)*		
Yincheng Property Services	26 December 1997	80% by Yincheng Real Estate 20% by Nanjing Yinyirun	100% by Nanjing Chengcheng	RMB100,000,000	Provision of property management services
Nanjing Kangcheng	11 December 2002	51% by an individual (**"Mr. A"**) *(Note 1)* 49% by another individual (**"Mr. B"**) *(Note 1)*	100% by Yincheng Property Services	RMB5,000,000	Provision of property management services
Nanjing Libiao	25 December 2012	100% by an individual (**"Mr. C"**) *(Note 2)*	70% by Yincheng Property Services 30% by Mr. C *(Note 2)*	RMB500,000	Provision of property management services
Nanjing Wanrui	30 May 2007	70% by an individual (**"Mr. D"**) *(Note 3)* 15% by another individual (**"Mr. E"**) *(Note 3)* 7.5%by another individual (**"Ms. F"**) *(Note 3)* 7.5%by another individual (**"Mr. G"**) *(Note 3)*	51% by Yincheng Property Services 29% by Mr. D *(Note 3)* 10% by Mr. E *(Note 3)* 5% by Ms. F *(Note 3)* 5% by Mr. G *(Note 3)*	RMB500,000	Provision of property management services
Yihe Wuxi	23 May 2007	100% by a company (**"Company A"**) *(Note 4)*	100% by Yincheng Property Services	RMB3,229,600	Provision of property management
Yincheng Technology	8 November 2000	100% by Yincheng Property Services	100% by Yincheng Property Services	RMB5,000,000	Provision of repair and maintenance services
Nanjing Xianhe	15 August 2016	100% by Yincheng Property Services	70% by Yincheng Property Services 30% by Nanjing Chuanghe	RMB2,000,000	Provision of gardening and landscaping services
Nanjing Canze	28 May 2018	100% by Yincheng Property Services	100% by Yincheng Property Services	RMB1,000,000	Provision of repair and maintenance services

Name	Date of incorporation	Equity ownership as at 1 January 2016 (i.e. the beginning of the Track Record Period) or date of incorporation if the incorporation date is later than 1 January 2016	Equity ownership after completion of the Reorganisation	Registered capital after completion of the Reorganisation	Principle business activities
Yincheng Fitness	10 January 2012	70% by Yincheng Real Estate 30% by an individual ("**Mr. H**") *(Note 5)*	100% by Yincheng Property Services	RMB1,000,000	Provision of fitness services
Yincheng Huimeijia	20 March 2013	100% by Yincheng Property Services	100% by Yincheng Property Services	RMB1,000,000	Provision of community value-added services
Yincheng Meijia	23 March 2017	51% by Yincheng Property Services 27% by an individual ("**Mr. I**") *(Note 6)* 22% by another individual ("**Mr. J**") *(Note 6)*	100% by Yincheng Property Services	RMB1,000,000	Provision of building decoration services
Yincheng Security *(Note 7)*	1 April 2019	45% by an individual ("**Mr. K**") *(Note 7)* 34% by Yincheng Property Services 21% by another individual ("**Ms. L**") *(Note 7)*	45.025% Mr. K *(Note 7)* 33.97% by Yincheng Property Services 21.005% Ms. L *(Note 7)*	RMB10,000,000	Provision of security services

Notes:

1. To the best knowledge and belief of our Directors after having made due enquiries, each of Mr. A and Mr. B is an Independent Third Party.

2. To the best knowledge and belief of our Directors after having made due enquiries, save for his equity interest in Nanjing Libiao, Mr. C is an Independent Third Party.

3. To the best knowledge and belief of our Directors after having made due enquiries, save for his or her equity interest in Nanjing Wanrui, each of Mr. D, Mr. E, Ms. F and Mr. G is an Independent Third Party.

4. To the best knowledge and belief of our Directors after having made due enquiries, Company A is an Independent Third Party.

5. To the best knowledge and belief of our Directors after having made due enquiries, Mr. H is an Independent Third Party.

6. To the best knowledge and belief of our Directors after having made due enquiries, each of Mr. I and Mr. J is an Independent Third Party.

7. To the best knowledge and belief of our Directors after having made due enquiries, save for his or her equity interest in Yincheng Security and Ms. L being one of the directors of Yincheng Security, each of Mr. K and Ms. L is an Independent Third Party.

Shareholding changes during the Track Record Period and up to the Latest Practicable Date unrelated to the Reorganisation

Nanjing Canze

On 13 September 2018, Nanjing Ningruisi acquired 30% equity interest in Nanjing Canze from Yincheng Property Services at the consideration of RMB300,000, which was determined based on the then registered capital of Nanjing Canze. As a result of the aforementioned acquisition, Nanjing Canze became owned as to 70% and 30% by Yingcheng Property Services and Nanjing Ningruisi, respectively.

Nanjing Kangcheng

On 13 October 2016, in order to further expand and develop our business operations in the provision of property management services, Yincheng Property Services acquired the entire equity interest in Nanjing Kangcheng from an Independent Third Party company ("**Company B**") at the consideration of RMB1, which was determined with reference to the valuation of the entire equity interest of Nanjing Kangcheng where Nanjing Kangcheng recorded net liabilities as at 31 May 2016. As a result of the aforementioned acquisition, Nanjing Kangcheng became wholly-owned by Yincheng Property Services.

On 20 January 2017, the registered capital of Nanjing Kangcheng was increased from RMB500,000 to RMB5,000,000, and the increase in registered capital of RMB4,500,000 was contributed as to RMB2,050,000 and RMB2,450,000 by Yincheng Property Services and an Independent Third Party company ("**Company C**"), respectively. As a result of the aforementioned increase in its registered capital, Nanjing Kangcheng became owned as to 51% and 49% by Yincheng Property Services and Company C, respectively.

Nanjing Libiao

On 15 August 2016, in order to further expand and develop our business operations in the provision of property management services, Yincheng Property Services acquired 70% equity interest in Nanjing Libiao from Mr. C at the consideration of RMB1 pursuant to an equity transfer agreement, which was determined with reference to the valuation of the entire equity interest of Nanjing Libiao where Nanjing Libiao recorded net liabilities as at 30 June 2016. As a result of the aforementioned acquisition, Nanjing Libiao became owned as to 70% and 30% by Yincheng Property Services and Mr. C, respectively.

Nanjing Wanrui

On 21 March 2017, Yincheng Property Services acquired 41%, 5%, 2.5% and 2.5% equity interest in Nanjing Wanrui from Mr. D, Mr. E, Ms. F and Mr. G at the consideration of RMB492,000, RMB60,000, RMB30,000 and RMB30,000, respectively, which was determined based on the net asset value of Nanjing Wanrui as at 30 April 2016. As a result of the aforementioned acquisition, Nanjing Wanrui became owned as to 51%, 29%, 10%, 5% and 5% by Yincheng Property Services, Mr. D, Mr. E, Ms. F and Mr. G, respectively.

Nanjing Xianhe

On 9 November 2017, Nanjing Chuanghe acquired 30% equity interest in Nanjing Xianhe from Yincheng Property Services at the consideration of RMB600,000, which was determined based on the then registered capital of Nanjing Xianhe. As a result of the aforementioned acquisition, Nanjing Xianhe became owned as to 70% and 30% by Yincheng Property Services and Nanjing Chuanghe, respectively.

Yihe Wuxi

On 14 March 2019, in order to further expand and develop our business operations in the provision of property management services, Yincheng Property Services acquired the entire equity interest in Yihe Wuxi from an individual Independent Third Party ("**Mr. M**") at the consideration of RMB3,380,000, which was determined with reference to the valuation of the entire equity interest of Yihe Wuxi as at 28 February 2019 by an independent valuer. As a result of the aforementioned acquisition, Yihe Wuxi became wholly-owned by Yincheng Property Services.

Yincheng Fitness

On 2 December 2016, Yincheng Property Services acquired the entire equity interest in Yincheng Fitness from Yincheng Real Estate at the consideration of RMB1,392,900, which was determined with reference to the net asset value of Yincheng Fitness as at 30 April 2016 as recorded in its management accounts. As a result of the aforementioned acquisition, Yincheng Fitness became wholly-owned by Yincheng Property Services.

Yincheng Meijia

On 2 May 2017, Yincheng Property Services acquired 27% equity interest in Yincheng Meijia from Mr. I at nil consideration as the capital contribution of Yincheng Meijia subscribed by Mr. I was unpaid as at the date of such acquisition. As a result of the aforementioned acquisition, Yincheng Meijia became owned as to 78% and 22% by Yincheng Property Services and Mr. J, respectively.

Yincheng Property Services

In order to improve Yincheng Property Services' management, corporate governance and brand awareness as well as to obtain equity financing, Yincheng Property Services decided to seek the listing of its shares on the NEEQ in 2016. In contemplation of the listing on the NEEQ, Yincheng Property Services passed a shareholders' resolutions on 23 September 2015 approving, among others, the conversion of Yincheng Property Services from a limited liability company into a joint stock company with limited liability. Upon completion of the conversion on 29 September 2015, the share capital of Yincheng Property Services became RMB11,000,000 divided into 11,000,000 shares with a nominal value of RMB1.00 each, of which 8,800,000 shares and 2,200,000 shares (representing 80% and 20% of the entire share capital of Yincheng Property Services) were held by Yincheng Real Estate and Nanjing Yinyirun respectively. On 21 April 2016, the shares of Yincheng Property Services were listed on the NEEQ.

On 4 April 2018, the then shareholders of Yincheng Property Services resolved to voluntarily delist the Shares of Yincheng Property Services from the NEEQ at an extraordinary general meeting. On 24 April 2018, the shares of Yincheng Property Services were delisted from the NEEQ.

Compliance during the listing of shares on the NEEQ

Our Directors confirmed and the Sole Sponsor concurs that:

(i) during the period of quoting on the NEEQ:

(a) Yincheng Property Services and its then directors had been in compliance in all material respects with all applicable laws and regulations in relation to the quoting on the NEEQ in the PRC, including the Business Rules of the National Equities Exchange and Quotations System (for Trial Implementation)* (全國中小企業股份轉讓系統的業務規則(試行)); and

(b) Yincheng Property Services and its then directors had not been subject to any disciplinary action by any relevant law enforcement authority or regulator; and

(ii) there is no matter that needs to be brought to the attention of the regulators and investors in relation to Yincheng Property Services' listing on and delisting from the NEEQ as mentioned above.

Reasons for delisting from the NEEQ

The delisting of the shares of Yincheng Property Services from the NEEQ was a commercial and strategic decision made by our Directors. Our Directors consider, and our Shareholders subsequently approved, that the listing on the Stock Exchange is more suitable to our Group for various reasons, including but not limited to the followings:

(i) there is weak liquidity and lack of continuous fund raising capability on the NEEQ;

(ii) as Hong Kong is a gateway between the PRC and the international market, listing on the Stock Exchange would give us a platform to be widely approached by international investors in the global market while we could still maintain a proximity with our headquarters, customers and suppliers in the PRC; and

(iii) we could further enhance our corporate image and strengthen the corporate governance of our Group should our Shares be listed on the Stock Exchange, which is regarded as a competitive and established exchange and with an established reputation as one of the leading stock exchanges globally.

Having considered the foregoing, our Directors are of the view that the delisting of the shares of Yincheng Property Services from the NEEQ and the listing of our Shares on the Stock Exchange would be in the best interests of our Group, the shareholders of Yincheng Property Services and our Company as a whole.

On 24 October 2018, the registered capital of Yincheng Property Services was increased from RMB11,000,000 to RMB50,000,000.

On 28 December 2018, Nanjing Yinjia'an acquired 20% equity interest in Yincheng Property Services from Nanjing Yinyirun at the consideration of RMB10,000,000, which was determined based on the then registered capital of Yincheng Property Services. As a result of the aforementioned acquisition, Yincheng Property Services became owned as to 80% and 20% by Yincheng Real Estate and Nanjing Yinjia'an, respectively.

On the same day, the registered capital of Yincheng Property Services was increased from RMB50,000,000 to RMB100,000,000 with the capital contribution of RMB50,000,000 from Yincheng Real Estate. As a result of the aforementioned increase in the registered capital of Yincheng Property Services, Yincheng Property Services was owned as to 90% and 10% by Yincheng Real Estate and Nanjing Yinjia'an, respectively.

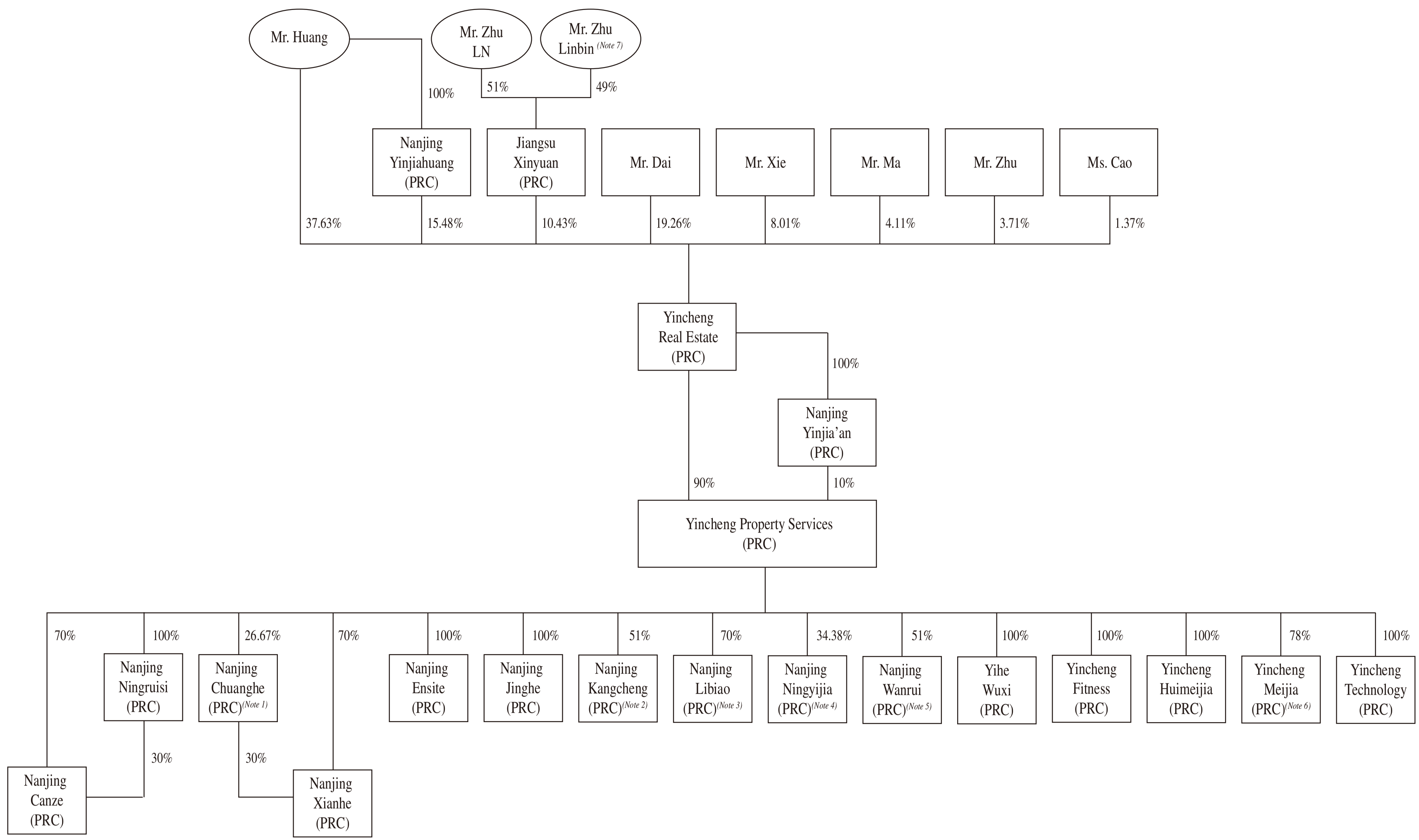
Yincheng Security

On 1 April 2019, Yincheng Security was established under the laws of the PRC as a limited liability company with an initial registered capital of RMB1,050,000 which was owned as to 45%, 34% and 21% by Mr. K, Yincheng Property Services and Ms. L, respectively.

On 7 May 2019, the registered capital of Yincheng Security was increased from RMB1,050,000 to RMB10,000,000 with the capital contribution of RMB4,030,000, RMB3,040,000 and RMB1,880,000 from Mr. K, Yincheng Property Services and Ms. L, respectively. As a result of the aforementioned increase in the registered capital, Yincheng Security became owned as to 45.025%, 33.97% and 21.005% by Mr. K, Yincheng Property Services and Ms. L, respectively.

REORGANISATION

Immediately prior to the Reorganisation, the shareholding structure of our Group and our associated companies was as follows:



Notes:

1. The remaining equity interest in Nanjing Chuanghe were held by nine individuals, namely Mr. N, Ms. O, Mr. P, Mr. Q, Ms. R, Ms. S, Mr. T, Mr. U and Mr. V. Save for the interest in Nanjing Chuanghe, each of Mr. N, Mr. P, Mr. Q, Ms. R, Mr. T, Mr. U and Mr. V is an Independent Third Party. Save for the interest in Nanjing Chuanghe and Nanjing Ningyijia, each of Ms. S and Ms. O is an Independent Third Party.

2. The remaining equity interest in Nanjing Kangcheng was held by Company B. Save for the interests in Nanjing Kangcheng, Company B is an Independent Third Party.

3. The remaining equity interest in Nanjing Libiao was held by Mr. C. Save for the interest in Nanjing Libiao, Mr. C is an Independent Third Party.

4. The remaining equity interest in Nanjing Ningyijia were held by six individuals, namely Mr. W, Mr. X, Ms. S, Mr. Y, Ms. O and Mr. Z. Save for the interests in Nanjing Ningyijia, each of Mr. W, Mr. X, Mr. Y and Mr. Z is an Independent Third Party. Save for the interest in Nanjing Ningyijia and Nanjing Chuanghe, each of Ms. S and Ms. O is an Independent Third Party.

5. The remaining equity interest in Nanjing Wanrui were held by Mr. D, Mr. E, Ms. F and Mr. G. Save for the interest in Nanjing Wanrui, each of the aforementioned individuals is an Independent Third Party.

6. The remaining equity interest in Yincheng Meijia was held by Mr. J. Save for the interest in Yincheng Meijia, Mr. J is an Independent Third Party.

7. 49% of the entire equity interest in Jiangsu Xinyuan is held by Mr. Zhu Linbin as nominee of Mr. Zhu LN.

Major Reorganisation Steps

In preparation for the Listing, we have carried out the Reorganisation which involved the following steps:

Offshore Reorganisation

Incorporation of Silver Wutong

On 28 January 2019, Silver Wutong was incorporated under the laws of the BVI as a BVI business company and is authorised to issue a maximum of 50,000 shares of one class with a par value of US$1.00 each. On the same day, one fully paid share in Silver Wutong was allotted and issued at par to Mr. Huang. Upon completion of the above allotment and issue of share, Silver Wutong became directly wholly-owned by Mr. Huang.

Incorporation of our Company

On 3 April 2019, our Company was incorporated under the laws of the Cayman Islands as an exempted company with an initial authorised share capital of HK$380,000 divided into 38,000,000 Shares of a nominal or a par value of HK$0.01 each. Upon incorporation of our Company, one Share was allotted and issued to the initial subscriber at par, which was then transferred to Silver Huang on the same day. In addition, one Share was also allotted and issued to Silver Wutong at par on 3 April 2019. Upon completion of the above transfer, allotment and issue of Shares, our Company was owned as to 50% and 50% by Silver Huang and Silver Wutong, respectively.

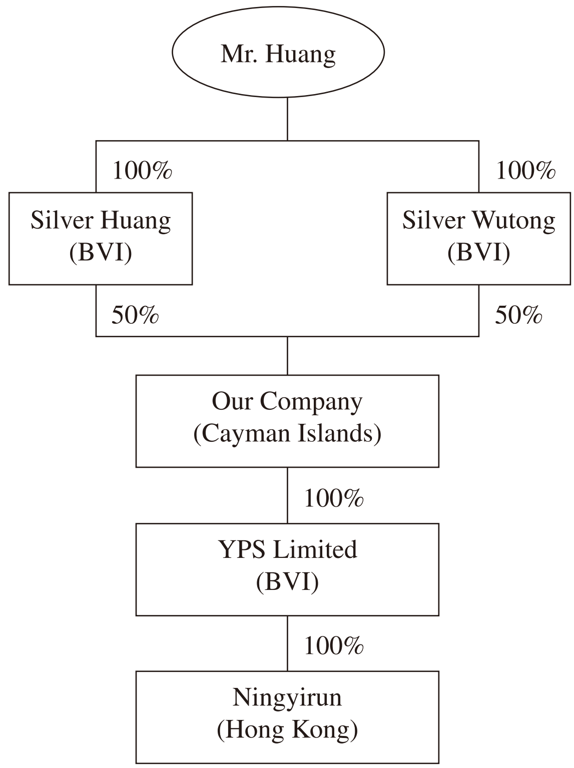
Incorporation of our BVI subsidiary, YPS Limited

On 11 April 2019, YPS Limited was incorporated under the laws of the BVI as a BVI business company and is authorised to issue a maximum of 50,000 shares of one class with a par value of US$1.00 each. On the same day, 50,000 fully paid shares in YPS Limited, representing the entire issued shares of YPS Limited, were allotted and issued at par to our Company. Upon completion of the above allotment and issue of shares, YPS Limited became directly wholly-owned by our Company.

Incorporation of our Hong Kong subsidiary, Ningyirun

On 30 April 2019, Ningyirun was incorporated under the laws of Hong Kong as a limited liability company. Upon incorporation, one fully paid share in Ningyirun of HK$1.00 each, representing the entire issued share capital of Ningyirun, was allotted and issued to YPS Limited. Upon completion of the above allotment and issue of share, Ningyirun became directly wholly-owned by YPS Limited.

The offshore ownership structure immediately upon completion of the abovementioned steps is set out below:



Onshore Reorganisation

Acquisition of 30% equity interests in Nanjing Canze by Yincheng Property Services

On 20 March 2019, Yincheng Property Services acquired 30% equity interest in Nanjing Canze from Nanjing Ningruisi at the consideration of RMB300,000, which was determined based on the then registered capital of Nanjing Canze. As a result of the aforementioned acquisition, Nanjing Canze became wholly-owned by Yincheng Property Services.

Conversion of Yincheng Property Services into a limited liability company

On 29 March 2019, Yincheng Property Services passed a resolution at its extraordinary general meeting to approve, among others, the conversion of Yincheng Property Services from a joint stock company with limited liability into a limited liability company.

Disposal of Nanjing Jinghe

Nanjing Jinghe is engaged in the sales of agricultural products which is not related to our Group's core business, hence was excluded from our Group as part of our Reorganisation. Pursuant to an equity transfer agreement dated 11 April 2019 entered into between Yincheng Property Services and Yincheng Real Estate, Yincheng Real Estate acquired the entire equity interest in Nanjing Jinghe from Yincheng Property Services at the consideration of RMB1,500,000, which was determined based on the then registered capital of Nanjing Jinghe.

Acquisition of 22% equity interest in Yincheng Meijia by Yincheng Property Services

On 19 April 2019, Yincheng Property Services acquired 22% equity interest in Yincheng Meijia from Mr. J at the consideration of RMB1, which was determined based on the net asset value of the equity interest of Yincheng Meijia as at 31 March 2019. As a result of the aforementioned acquisition, Yincheng Meijia became wholly-owned by Yincheng Property Services.

Acquisition of 49% equity interest in Nanjing Kangcheng by Yincheng Property Services

On 28 April 2019, Yincheng Property Services acquired 49% equity interest in Nanjing Kangcheng from Company B at nil consideration as the capital contribution of Nanjing Kangcheng subscribed by Company B was unpaid as at the date of such acquisition. As a result of the aforementioned acquisition, Nanjing Kangcheng became wholly-owned by Yincheng Property Services.

Incorporation of Nanjing Chengcheng

On 14 May 2019, Nanjing Chengcheng was established by Ningyirun under the laws of the PRC with an initial registered capital of US$1,000,000 as a wholly foreign-owned enterprise in the PRC, and hence Nanjing Chengcheng became a wholly-owned subsidiary of Ningyirun.

Acquisition of 65.625% equity interest in Nanjing Ningyijia by Yincheng Property Services

Immediately prior to the Reorganisation, Nanjing Ningyijia was owned as to approximately 34.375% by Yincheng Property Services and approximately 65.625% by six individual Independent Third Parties. On 17 May 2019, Yincheng Property Services acquired 65.625% equity interest in Nanjing Ningyijia from such six individuals at the aggregate consideration of RMB1,607,812.50, which was determined based on the valuation of the entire equity interest of Nanjing Ningyijia as at 31 December 2018 by an independent valuer. As a result of the above acquisition, Nanjing Ningyijia became wholly-owned by Yincheng Property Services.

Acquisition of 73.33% equity interest in Nanjing Chuanghe by Yincheng Property Services

Immediately prior to the Reorganisation, Nanjing Chuanghe was owned as to approximately 26.67% by Yincheng Property Services and 73.33% by nine individual Independent Third Parties. On 20 May 2019, Yincheng Property Services acquired 73.33% equity interest in Nanjing Chuanghe from such nine individuals at the aggregate consideration of RMB893,600, which was determined based on the valuation of the entire equity interest of Nanjing Chuanghe as at 31 December 2018 by an independent valuer. As a result of the aforementioned acquisition, Nanjing Chuanghe became wholly-owned by Yincheng Property Services.

Acquisition of Yincheng Property Services by Nanjing Chengcheng

Pursuant to an equity transfer agreement entered into among the then shareholders of Yincheng Property Services (namely Yincheng Real Estate and Nanjing Yinjia'an) and Nanjing Chengcheng dated 20 May 2019, Nanjing Chengcheng acquired the entire equity interests in Yincheng Property Services from Yincheng Real Estate and Nanjing Yinjin'an at the respective consideration of RMB103,500,000 and RMB11,500,000, which were determined based on the valuation of the entire equity interest of Yincheng Property Services as at 31 March 2019 by an independent valuer and the paid in capital of RMB50,000,000 by the then shareholders of Yincheng Property Services.

Upon completion of the above acquisitions, Yincheng Property Services became a directly wholly-owned subsidiary of Nanjing Chengcheng.

Shares Allotment by our Company

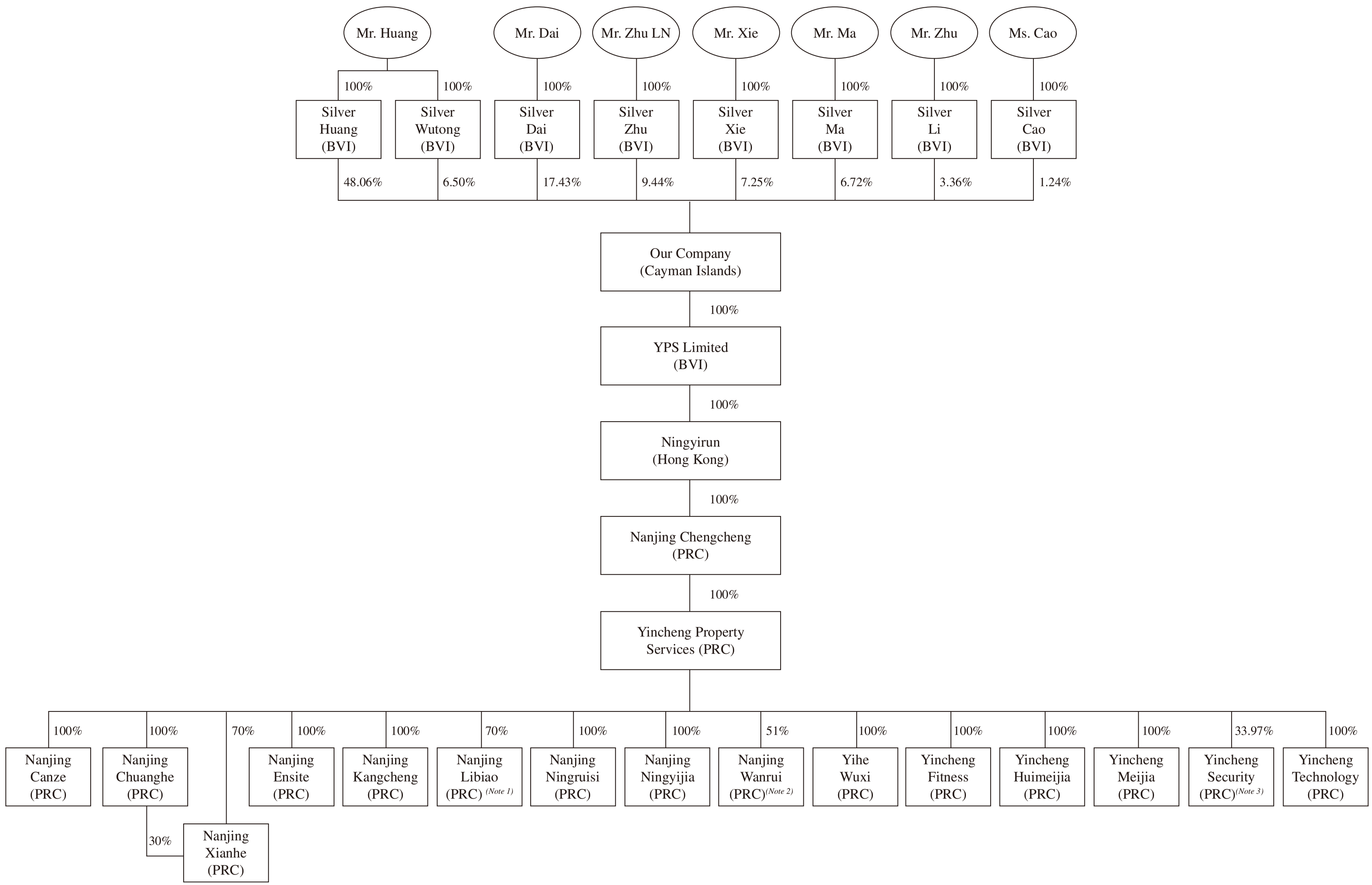
Silver Huang, Silver Dai, Silver Zhu, Silver Xie, Silver Ma, Silver Li and Silver Cao were all incorporated in the BVI on 29 December 2017 and are wholly legally and beneficially owned by Mr. Huang, Mr. Dai, Mr. Zhu LN, Mr. Xie, Mr. Ma, Mr. Zhu and Ms. Cao, respectively. Silver Wutong was incorporated in the BVI on 28 January 2019 and is wholly legally and beneficially owned by Mr. Huang.

On 28 May 2019, our Company allotted and issued 4,805 Shares, 649 Shares, 1,743 Shares, 944 Shares, 725 Shares, 672 Shares, 336 Shares and 124 Shares, respectively, to Silver Huang, Silver Wutong, Silver Dai, Silver Zhu, Silver Xie, Silver Ma, Silver Li and Silver Cao, each for a nominal consideration of HK$48.05, HK$6.49, HK$17.43, HK$9.44, HK$7.25, HK$6.72, HK$3.36 and HK$1.24. Upon completion of the allotment and issue of shares, our Company was owned as to 48.06%, 6.50%, 17.43%, 9.44%, 7.25%, 6.72%, 3.36% and 1.24% by Silver Huang, Silver Wutong, Silver Dai, Silver Zhu, Silver Xie, Silver Ma, Silver Li and Silver Cao, respectively. The Shares held by Silver Wutong are for the purpose of a possible employee share incentive plan which may be adopted by our Company after Listing.

The abovementioned allotment and issue of new Shares by our Company is part of the Reorganisation for the purposes of the Listing. It was made with reference to each of the allottees' interests in Yincheng Property Services immediately prior to being acquired indirectly by Nanjing Chengcheng.

Corporate Structure immediately upon completion of the Reorganisation

The chart below sets out the shareholding structure of our Group and associated company immediately after the Reorganisation but before completion of the Global Offering and Capitalisation Issue:



Notes:

1. The remaining equity interest in Nanjing Libiao was held by Mr. C. Save for the interest in Nanjing Libiao, Mr. C is an Independent Third Party.

2. The remaining equity interest in Nanjing Wanrui were held by Mr. D, Mr. E, Ms. F and Mr. G. Save for the interest in Nanjing Wanrui, each of the aforementioned individuals is an Independent Third Party.

3. The remaining equity interest in Yincheng Security were held by Mr. K and Ms. L. Save for the interest in Yincheng Security, each of the aforementioned individuals is an Independent Third Party.

CAPITALISATION ISSUE AND GLOBAL OFFERING

Capitalisation Issue

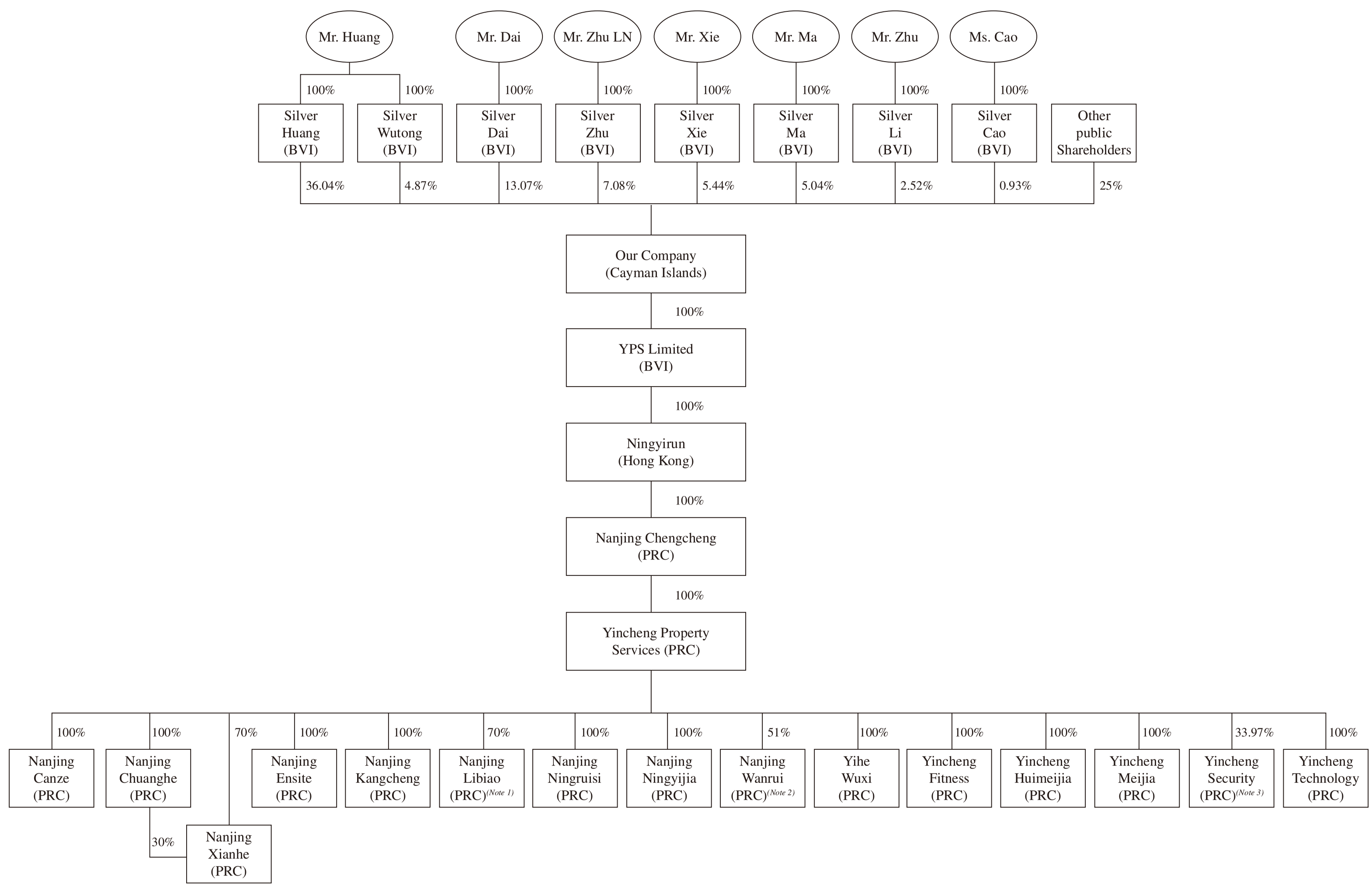
Pursuant to the written resolutions of our Shareholders passed on 15 October 2019, conditional upon the fulfillment or waiver of the conditions set out in "Structure and Conditions of the Global Offering" in this prospectus and subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the new Shares under the Global Offering, our Directors are authorised to allot and issue a total of 199,990,000 Shares credited as fully paid at par to the Shareholders whose names appear on the register of members of our Company on 15 October 2019 in proportion to their shareholdings by way of capitalisation of an amount of HK$1,999,900 standing to the credit of the share premium account of our Company.

Global Offering

For further details, please see "Structure and Conditions of the Global Offering" in this prospectus.

Corporate structure immediately after completion of the Global Offering and the Capitalisation Issue (assuming no exercise of the Over-allotment Options)

The chart below sets out the shareholding structure of our Group and associated company immediately after the Reorganisation and completion of the Global Offering and Capitalisation Issue:



Notes:

1. The remaining equity interest in Nanjing Libiao was held by Mr. C. Save for the interests in Nanjing Libiao, Mr. C is an Independent Third Party.

2. The remaining equity interest in Nanjing Wanrui were held by Mr. D, Mr. E, Ms. F and Mr. G. Save for the interest in Nanjing Wanrui, each of the aforementioned individuals is an Independent Third Party.

3. The remaining equity interest in Yincheng Security were held by Mr. K and Ms. L. Save for the interest in Yincheng Security, each of the aforementioned individuals is an Independent Third Party.

PRC REGULATORY REQUIREMENTS

The Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors in the PRC

According to the "Provisions Regarding Mergers and Acquisitions of Domestics Enterprises by Foreign Investors" (《關於外國投資者併購境內企業的規定》) (the "**Circular No. 10**") jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the China Securities Regulatory Commission, the SAIC and the SAFE on 8 August 2006 and effective as of 8 September 2006 and amended on 22 June 2009, where Merger and acquisition of a domestic company with a related party relationship by a domestic company, enterprise or natural person in the name of an overseas company legitimately incorporated or controlled by the domestic company, enterprise or natural person shall be subject to examination and approval by the MOFCOM. The parties involved shall not use domestic investment by foreign investment enterprises or other methods to circumvent the aforesaid requirements.

In this respect, since Mr. Huang is a Hong Kong permanent residents, neither the establishment of Nanjing Chengcheng nor the acquisition of Yincheng Property Services by Nanjing Chengcheng constitutes a foreign merger or acquisition specified in Circular No. 10 which shall be subject to examination and approval by the MOFCOM.

Therefore, our PRC Legal Advisers confirmed that relevant approvals and permits in respect of the reorganisation process of our PRC subsidiaries as described above are in compliance with relevant PRC laws and regulations in all material aspects.

SAFE Registration in the PRC

SAFE Circular No. 37 and SAFE Circular No. 13 as promulgated by SAFE requires PRC residents to register with the relevant bank before he/she contributes assets or equity interests in an overseas special purpose vehicle that is directly established or controlled by the PRC resident for the purpose of conducting investment or financing.

Our PRC Legal Advisers confirmed that each of Mr. Dai, Mr. Zhu LN, Mr. Xie, Mr. Ma, Mr. Zhu and Ms. Cao, who are PRC residents, has completed such registration on 9 March 2018 according to the SAFE Circular No. 37 and the SAFE Circular No. 13.

Mr. Huang is a Hong Kong permanent resident, hence is not required to make any SAFE registration.

OVERVIEW

We are an established property management service provider in the PRC with over 20 years' industry experience, providing diversified property management services and community value-added services. Through the offering of quality services, we have grown from a local property management service provider in Nanjing, to one of the leading property management service providers in both Nanjing and Jiangsu Province. According to the Frost & Sullivan Report, we ranked the 1st, and the 5th among the property management service providers in Nanjing and Jiangsu Province in 2018 in terms of revenue, respectively, and the 34th among the China Top 100 Property Management Companies (中國物業服務百強企業) in 2019.

Our business covers a wide spectrum of properties, including residential properties and non-residential properties covering government facilities, financial institutions, property sales offices, parks, highway service area, industrial parks, mixed-use properties, schools and office buildings. As at 30 April 2019, our property management services covered 10 PRC cities, including seven cities in Jiangsu Province and three cities in other provinces in the Yangtze River Delta Megalopolis, with GFA under management reaching approximately 19.6 million sq.m. We managed 197 properties, including 89 residential properties and 108 non-residential properties, serving over 100,000 households as at 30 April 2019.

Over the years, we have received numerous awards in recognition of our service quality. We were awarded with (a) China Top 100 Property Management Companies (中國物業服務百強企業) from 2017 to 2019 in terms of business size, operational efficiency, service quality, growth potential and social responsibility; (b) China Top 100 Property Management Companies (中國物業服務行業市場化營運領先企業) in terms of marketisation of business in 2018 and 2019; (c) China Top 100 Property Management Companies (中國物業服務百強滿意度領先企業) in terms of customer satisfaction from 2017 to 2019; (d) Leading Brand of East China Property Service Companies (中國華東物業領先品牌) in 2018; and (e) Top 50 Property Management Companies of Jiangsu Province (江蘇省物業服務行業綜合實力五十強企業) for six consecutive years since 2012.

Our two main business lines, namely, property management services and community value-added services, form an integrated service platform. The synergistic effects achieved through these two business lines help us to diversify our revenue streams, and to consolidate our relationship with our customers by offering them complementary services.

Property management services

Depending on the nature of the properties that we manage, we provide some or all of the following property management services:

(i) security services;

(ii) cleaning services;

(iii) car park management;

(iv) repair and maintenance of specialised elevators, escalators and mechanical car park equipment;

(v) gardening and landscaping services;

(vi) daily repair and maintenance of equipment and machinery; and

(vii) ancillary customer services.

Community value-added services

In connection with the residential properties that we manage, our community value-added services include:

(i) common area value-added services;

(ii) fitness services; and

(iii) community convenience services.

Adhering to our business motto of "Surpassing Customers' Expectations and Creating Value with Quality Services (超越顧客期待，服務創造價值)", and service concept of "Living+ (生活+)", we have adopted business model of "Service alignment, Business modularisation, Modules specialisation and Management digitalisation (服務網格化、業務模塊化、模塊專業化、管理數據化)" to serve and create value for our customers with quality property management services. We divide the households of residential properties managed by our Group into different community grids whereby each grid is assigned with one living consultant, serving as our key contact person for the relevant properties managed by our Group to handle customers' requests and provide consistent quality services to our customers.

The table below sets out the breakdown of our total revenue for the periods indicated by business segments:

	FY2016		**FY2017**		**FY2018**		**4M2019**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	168,949	74.3	232,737	76.1	367,641	78.6	154,923	83.7
Community value-added services	58,420	25.7	73,164	23.9	100,025	21.4	30,193	16.3
Total	**227,369**	**100**	**305,901**	**100**	**467,666**	**100**	**185,116**	**100**

The total GFA of our managed properties increased from approximately 6.6 million sq.m. as at 31 December 2016 to approximately 15.5 million sq.m. as at 31 December 2018, which further increased to 19.6 million sq.m. as at 30 April 2019. At the same time, our revenue increased significantly from approximately RMB227.4 million for FY2016 to approximately RMB467.7 million for FY2018, representing a CAGR of approximately 43.4%. Our total revenue increased by 47.9% from RMB125.1 million for 4M2018 to RMB185.1 million for 4M2019.

Note: The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging the Group for other property management services.

OUR STRENGTHS

We believe the following competitive strengths are crucial to our success and essential for our future growth:

We are an established property management service provider in the PRC capable of attracting new customers and retaining our existing customers.

Since we entered the property management market in the PRC in 1998, we have established a strong regional brand in Nanjing. We rely on our established reputation, customers' recognition, and market capabilities to attract new customers, strengthen our market share and retain existing customers. Through extensive industry experience and in-depth understanding of our customers, we have made continuous efforts to create and provide a wide range of quality services to meet customers' demands and needs.

Capabilities to attract new customers. We possess strong business development capabilities attributable to our established service quality and market reputation, which have put us in a competitive position in the industry to explore market opportunities to obtain (a) engagements for completed residential properties and non-residential properties to replace the then existing property management companies; and (b) engagements from property developers.

As at 31 December 2016, 2017, 2018, and 30 April 2019, the GFA under management of properties engaged for completed residential properties and non-residential properties, which we replaced the then existing property management companies to be the property management service provider, was approximately 3.4 million sq.m., 6.4 million sq.m., 9.6 million sq.m. and 13.2 million sq.m., respectively.

As to our engagements from property developers, our track record of good business relationship with Yincheng International Holding Group and Yincheng Real Estate Group further enhances our market position as a competitive and experienced property management service provider and benefits our Group from their extensive and large property project reserves.

As at 31 December 2016, 2017, 2018, and 30 April 2019, the GFA under management of properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group was approximately 3.0 million sq.m., 3.6 million sq.m., 3.6 million sq.m. and 4.1 million sq.m., respectively. As at 30 April 2019, we managed 38 properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group. For FY2016, FY2017, FY2018 and 4M2019, the success rates of our tender bids for properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group during preliminary stage were 100%, 100%, 90% and 100%, respectively.

At the same time, we also achieved rapid growth during the Track Record Period with respect to property management engagements from independent third party property developers. As at 31 December 2016, 2017, 2018, and 30 April 2019, the GFA under management of properties developed by independent third party property developers during preliminary stage was approximately 0.2 million sq.m., 0.8 million sq.m., 2.2 million sq.m. and 2.3 million sq.m., respectively. For FY2016, FY2017, FY2018 and 4M2019, the success rates of our tender bids for properties developed by independent third party property developers during preliminary stage were approximately 100%, 100%, 83.3% and 100%, respectively.

Capabilities to retain our existing customers. Attributable to our commitment to provide, and continuous efforts to offer, quality services to our customers, we recorded high renewal rate for our property management agreements and high customer satisfaction rate, which is a reflection of our quality services. During the Track Record Period, the renewal rate (calculated based on the number of renewed property management agreements in a given year divided by the number of expiring property management agreements in the same year) of our property management agreements was approximately 98.7%, 99.1%, 100% and 100%, respectively, which was above the industry average according to Frost & Sullivan.

As a result of our efforts in providing quality property management services, over the years, we have received numerous awards in recognition of our service quality. We were awarded with (a) China Top 100 Property Management Companies (中國物業服務百強企業) in terms of business size, operational efficiency, service quality, growth potential and social responsibility from 2017 to 2019; (b) China Top 100 Property Management Companies (中國物業服務行業市場化營運領先企業) in terms of marketisation of business in 2018 and 2019; (c) China Top 100 Property Management Companies (中國物業服務百強滿意度領先企業) in terms of customer satisfaction from 2017 to 2019; (d) Leading Brand of East China Property Service Companies (中國華東物業領先品牌) in 2018; and (e) Top 50 Property Management Companies of Jiangsu Province (江蘇省物業服務行業綜合實力五十強企業) for six consecutive years since 2012. Our Directors believe that our continuous efforts to provide quality property management services has helped and would continue to help us bring upon new engagement opportunities from customers and maintain a high renewal rate for property management agreements.

We are able to provide quality property management services and support our rapid business growth by upholding our business model.

Our Directors believe that by leveraging our service concept of "Living+ (生活+)" with an aim to provide comprehensive services to enhance the level of convenience of our customers and upholding our business model of "Service alignment, Business modularisation, Modules specialisation and Management digitalisation (服務網格化、業務模塊化、模塊專業化、管理數據化)", we are able to reduce our reliance on intensive labour and improve our operational efficiency, service quality and strengthen our competitiveness.

Service alignment (服務網格化). It is our Group's practice to divide the households of residential properties managed by our Group into different community grids with each community grid consisting of approximately 300 households whereby each grid is assigned with one living consultant, as compared to our industry peers which generally assign one living consultant for approximately every 500 households according to the Frost & Sullivan Report. Our living consultants are equipped with comprehensive knowledge of their respective managed properties as well as the service quality and service offerings of our Group. Not only do our living consultants provide timely feedback and handle ad hoc requests and complaints from customers but also serve as our key contact persons for the relevant properties managed by our Group because the property management-related issues at such properties are reported to them who would then allocate on-site resources to resolve the problems. Attributed to our quality services, in 2016, 2017 and 2018, we obtained an average score of 88%, 93% and 88%, respectively, which were much higher than the average satisfaction rate in the industry of 63%, 67% and 68%, respectively, in the customer satisfaction surveys conducted by an independent third party organisation with respect to our property management services. As at the Latest Practicable Date, we had approximately 350 living consultants serving our residential customers. We also pay particular attention to the quality of our services and believe that quality control is crucial to the long-term success of our business. Our quality control team is primarily responsible for overseeing our business operations from the perspective of quality control, focusing on maintaining standards of quality, standardising our internal policies and service procedures and monitoring adherence to those standards. Our Directors believe that the deployment of living consultants at each community grid can improve our cost efficiency and allow more flexibility in the allocation of manpower to streamline work processes, hence ensuring consistent service quality.

Business modularisation (業務模塊化). We strive to offer quality services under every service segments to our customers. We assign particular roles and functions to our subsidiaries to deliver different services to our customers, including Yincheng Technology responsible for providing repair and maintenance services of specialised elevators, escalators and mechanical car park equipment, Nanjing Xianhe responsible for gardening and landscaping services and Yincheng Fitness responsible for providing fitness related services. Furthermore, to streamline and standardise our services, we have devised internal control policies covering different segments of services provided by us, containing all our policies, standardised procedures and protocols in rendering our services. We provide ongoing training to our staff to ensure that they can follow our service standards and procedures. Leveraging our servicing capabilities, we are capable of rendering property management services in response to various customer needs effectively.

Modules specialisation (模塊專業化). Our Directors believe that our capability to provide specialised services to our customers differentiates us from our competitors. According to Frost & Sullivan, it is not common for property management service companies to provide specialised services such as repair and maintenance of specialised lifts and elevators themselves whereby specific qualifications and licences are prerequisite. Instead, property management service providers generally engage subcontractors to provide such specialised services. As a reflection of our capabilities to provide specialised services, we are also engaged by a number of property management companies to provide standalone repair and maintenance services of specialised elevators, escalators and mechanical car park equipment as well as gardening and landscaping services. We possess multiple qualifications and licences which enable us to provide our customers with comprehensive and diversified property management services and community value-added services involving all or some of the property management services, including property management, building renovation and elevator repair services. For instance, for the provision of specialised elevators and mechanical car park equipment repair and maintenance services, our Group possesses a broad range of qualifications and licences, including Installation, Alteration, Repair & Maintenance Licence of Special Equipment (特種設備安裝改造維修許可證) of (i) Grade A – Traction driven elevator (曳引驅動機), Hydraulic passenger elevator (液壓乘客電梯); Grade B – Automatic escalator and walkway (自動扶梯與自動人行道); Grade C – other types of elevator and escalator (其他類型電梯及雜物電梯); and (ii) Hoisting Machinery (起重機械) – Mechanical Parking Equipment (機械式停車設備). Owing to the broad range of qualifications and licences we possess, we are able to undertake a wide variety of projects such as specialised equipment repair and maintenance projects.

Management digitalisation (管理數據化). To better manage our customers' needs, we have established a digitalised data management system which allows us to have access to multi-dimensional data including basic information about our managed properties, room number, name of occupants and property GFA. Through this system, we are able to analyse the data and improve our service quality accordingly. Such management methodology not only helps us establish unified property service standards to ensure consistent and service quality, but also reduces human error, eliminates many time-consuming and paper-based procedures in relation to the recording and storage of data, thereby increases service efficiency.

We believe that the implementation of our management methodologies ensure us to deliver consistent quality services across properties managed by us, thereby increasing customer satisfaction and enhancing their confidence in our services.

We are capable of offering diversified property management services across various types of properties which allows us to diversify our source of revenue.

Our Directors believe that our ability to provide customers with diversified property management services is one of our key strengths that sets us apart from our competitors in the industry.

In addition to our managed residential properties, we have endeavoured to diversify our property management portfolio by extending our services to other non-residential properties comprised of nine types of properties, namely government facilities, financial institutions, property sales offices, parks, highway service area, industrial parks, mixed-use properties, schools and office buildings. During the Track Record Period, our revenue from our property management services for non-residential properties amounted to approximately RMB58.9 million, RMB86.0 million, RMB138.5 million and RMB61.9 million, representing approximately 34.9%, 36.9%, 37.7% and 40.0% of our total revenue from property management services in FY2016, FY2017, FY2018 and 4M2019, respectively. As at 30 April 2019, our managed non-residential properties as at 30 April 2019 include (i) five government facilities, including provincial government offices and institutions; (ii) 10 highway service area; and (iii) the headquarters and branches of 15 financial institutions in Jiangsu Province.

With the ability to provide a wide range of property management services to various kinds of properties, we believe we are better equipped to maintain our momentum in business growth. Our Directors believe that an effective integration of various kinds of services generates diversified revenue streams and enhances our competitiveness and market recognition.

We are able to provide diversified community value-added services to our customers.

We strive to diversify our service portfolio by providing our community value-added services in our managed residential properties to cater for the evolving needs of our customers. Our Group directly offers, and engages subcontractors and other channels to provide diversified community value-added services to our customers. We believe it helps to boost the satisfaction and loyalty of our customers by offering them access to a wide range of our community value-added services and enhance the level of convenience at our managed residential properties.

Community value-added services directly offered by our Group. With an aim to improve our customer living experience and to maintain and increase the value of their communities or properties, we provide a range of community value-added services. We provide fitness facilities for residents of our managed residential properties and other local residents. As at the Latest Practicable Date, we operated five fitness centres (including two fitness clubs and three 24-hour operated fitness room) with over 4,400 fitness members. Other than providing fitness facilities to fitness members, we organise regular fitness training classes such as fitness and bodybuilding classes, customised private classes and teenage sports training classes through our in-house fitness trainers and other trainers from our business partners. With an aim to increase our engagement level with our residents and facilitate their access to wider information, we provide common area value-added services whereby we lease out common areas and advertisement space of properties to provide information to our residents. We also directly provide community convenience services including waste management services and home living services such as changing of lightbulbs and pipe cleaning services.

Community value-added services provided by subcontractors and other channels. We act as a channel provider and engage subcontractors and other channels to provide a broad range of community value-added services, including express delivery and storage services, vehicle charging services, laundry and car wash services and sale of agricultural product services. As at 30 April 2019, over 130 express delivery storage cabinets and 500 vehicle charging stations had been installed in our communities. To facilitate the access of such services for owners and residents of our managed residential properties, we also created a "Living+" social media account with over 39,000 followers as at 30 April 2019 as an O2O platform and an interaction channel between owners and residents of our managed residential properties on one hand and our living consultants on the other hand. We have linked our "Living+" social media account to various service providers, including (i) express delivery storage cabinets suppliers; (ii) charging station suppliers; (iii) a 24-hour laundry service provider; (iv) a 24-hour car washing service provider; and (v) agricultural products suppliers. Through this channel, our customers can gain access to a variety of our community value-added services including checking status of express delivery and storage, making appointment for laundry and car washing services.

We have an experienced management team and cohesive operational team with proven execution capabilities.

Our management team is comprised of knowledgeable and experienced professionals with a proven track record in the property management service industry, which is invaluable to the development of our business in the property management service industry in the PRC. Our management team members possess in-depth knowledge in the property management service industry, demographics and customer preferences in the PRC. Our experienced management team is led by Mr. Li Chunling, who is primarily responsible for the overall strategic decision, business planning and daily management and operation of our Group. Mr. Li has more than 23 years of experience in the hotel and real estate industry in the PRC. Please see "Directors, Senior Management and Employees" in this prospectus for further details of the credentials and experience of our Directors and senior management.

With our business motto of "Surpassing Customers' Expectations and Creating Value with Quality Services (超越顧客期待，服務創造價值)", we have formed a corporate culture that is widely embraced and implemented in our Group. We have committed employees with expertise in various aspects of sales and marketing, project management, finance and customer services. We perceive our employees as the key to our service quality and customer experience. To retain and motivate our workforce, we offer our employees career advancement prospects and professional skills development trainings catering to the job requirements to expand their expertise and professional knowledge. We also motivate our employees with performance-based bonuses. We have established an internal system to evaluate our employees' performance. We believe our human resource management system will not only ensure that we will have sufficient qualified personnel to continue to service our customers, but also enable us to maintain our competitive advantages. We believe that such policies allow us to attract and retain talent and are effective in enhancing the quality of our services.

OUR STRATEGIES

Continue to expand our business by mergers and acquisitions or investments in order to expand our market shares in the property management service industry in the PRC

In order to expand our market shares in the property management service industry in the PRC, it is crucial for us to expand our business by expanding the total GFA and the number of our managed properties. During the Track Record Period, we acquired four property management companies located in Nanjing and Wuxi at the total consideration of approximately RMB4.0 million to increase our geographical coverage and business scale. For further details, please see "History, Reorganisation and Corporate Structure — Shareholding changes during the Track Record Period and up to the Latest Practicable Date unrelated to the Reorganisation" in this prospectus. According to Frost & Sullivan, the demand for properties has continued to increase in recent years in cities in the Yangtze River Delta Megalopolis which have attracted talents from other regions. The total GFA of commodity properties transacted in the Yangtze River Delta Megalopolis has increased from 191.1 million sq.m. in 2013 to 243.0 million sq.m. in 2018, representing a CAGR of 4.9%. The stable development of property industry has stimulated the demands for property management services. To capture the growth in the property management service industry in the Yangtze River Delta Megalopolis, we plan to continue to expand our business by mergers and acquisitions or investments of property management companies. In particular, we plan to acquire or invest in the following types of companies located in the Yangtze River Delta Megalopolis: (i) property management companies which have good market recognition to expand our property management portfolio; (ii) companies which are engaged in the provision of specialised services, such as gardening and landscaping services, and/or possess various kinds of qualifications and licences, such as those required for repair and maintenance of specialised elevators and mechanical car park equipment; and (iii) companies which provide products or services which are complementary to our community value-added services such as community catering services.

Selection Criteria

We will continue to seek potential acquisition or investment opportunities and select potential targets based on our industry experience and the following selection criteria:

Target geographical location: We plan to explore acquisition or investment targets preferably in the Yangtze River Delta Megalopolis, whereby we can consolidate the respective specialties of these acquisition targets and sustain our growth.

Management team: We plan to continue to look for potential acquisition or investment targets with management team with relevant experience. We also target management team who shares similar corporate culture, service concept and management methodologies with our Group.

Business focus: We target to acquire or invest in the following types of companies located in the Yangtze River Delta Megalopolis: (i) companies providing property management services which have good market recognition to expand our property management portfolio; (ii) companies which are engaged in the provision of specialised services, such as gardening and landscaping services, and/or possess various kinds of qualifications and licences, such as those required for repair and maintenance of specialised elevators and mechanical car park equipment; and (iii) companies which provide products or services which are complementary to our community value-added services such as community catering services.

Financial condition and profitability: We will take into account the financial condition, profitability and prospects of the potential targets. We plan to seek potential target with an upward trend of financial results in its proceeding financial years and preferably with a net profit margin of approximately 7%.

As at the Latest Practicable Date, we have not identified any targets for merger or acquisition or investment. If we identify a potential acquisition or investment target, we will conduct assessment to understand its operation and, management team and business model.

Investment Costs

The capital required for the acquisition or investment in potential targets would depend, to a large extent, on the size of the targets. We plan to seek acquisition or investment targets with investment costs between HK$20 million and HK$90 million, subject to adjustments made with reference to the size of the targets and our evaluation of their worthiness and potential. We plan to use the net proceeds from the Global Offering and internal resources to fund the merger and acquisitions or investments. Furthermore, we would apply our operating standards and processes to our acquired businesses, which would allow us to manage an expanding business with increasing complexity effectively and in a cost-saving manner.

Timeframe

If we identify a potential acquisition or investment target, we plan to conduct feasibility in the fourth quarter of 2019. Starting from the beginning of 2020, we plan to start negotiation with our acquisition or investment and target to enter into the relevant sales and purchase agreement to acquire or invest in the target which can meet our selection criteria. We expect such acquisition or investment to be completed by 31 December 2021.

Commercial rationale for mergers and acquisitions or stretegic investments

As part of our business strategies, we plan to expand our property management service portfolio with a focus on cities in the Yangtze River Delta Megalopolis. Apart from adopting organic growth initiatives, we have expanded and we plan to continue with our expansion strategies by mergers and acquisitions. During the Track Record Period, we acquired four property management companies, namely (i) Nanjing Kangcheng; (ii) Nanjing Libiao; (iii) Nanjing Wanrui; and (iv) Yihe Wuxi located in Nanjing and Wuxi in the PRC at the total consideration of approximately RMB4.0 million to increase our geographical coverage and business scale. For further details, please see "History, Reorganisation and Corporate Structure — Shareholding changes during the Track Record Period and up to the Latest Practicable Date unrelated to the Reorganisation" in this prospectus. Therefore, our Directors believe that we have already adopted similar strategy during the Track Record Period for our business expansion by way of mergers and acquisitions. Further, in light of the factors set out below, we believe that strategic acquisition enable us to gain access to new geographic markets and expand our portfolio in an efficient manner and are therefore effective ways to achieve our business strategies.

(i) Minimising the time and uncertainty involved in recruiting sufficient personnel and building up our track record in other regions

According to Frost & Sullivan, most consumers prefer renowned property management service companies over less well-known service providers. A well brand reputation relies on years of management and accumulation thus the brand reputation of well-known and experienced companies built over the years cannot be easily caught up by a new participant. While our property management services covered 10 PRC cities as at 30 April 2019, there are still cities in the Yangtze River Delta Megalopolis where we have not established our presence. Our Directors believe that we may be subject to business uncertainties when organically expanding into a new market due to differences in regional cultures and market conditions, leading to higher expansion costs. Therefore, strategic investment as well as mergers and acquisitions can be alternative means of efficient expansion into new markets to save costs and time, and increase our geographical market coverage.

Based on the past experience of our Directors, it generally takes around 15 months to expand our property management service portfolio to a new market by way of organic growth comprising (i) around three months for inspection of geographical markets; (ii) around two months for the establishment of the branch company or subsidiary; (iii) around four months for the recruitment and training of around 50 employees; and (iv) around six months for conducting business development to obtain projects. On the other hand, by way of merger and acquisition of a well-established property management company, our property management service portfolio will be expanded to a new market right after the completion of the merger and acquisition through managing the property projects of target company, while it takes around seven months to further expand the property management service portfolio in that new market comprising (i) around one month for the integration of the management team of the target company with our Group; (ii) around three months for the recruitment and training of around 15 additional employees; and (iii) around three months for the accumulation of reputation and goodwill to obtain projects.

Also, our Directors consider that the acquisition or investment will not only increase our technical and managerial talents, but will also allow us to diversify our customer base as we will have convenient access to the existing customer base of the target companies upon acquisition. Such expansion method also enhance resource utilisation, leading to better market resource allocation, resource sharing and stronger business alliances.

(ii) Generating a stable source of income to ensure certain investment payback

We plan to seek potential target with an upward trend of financial results in its preceding financial years and preferably with a net profit margin of approximately 7%. Our Directors consider that if we decide to grow our business organically in other regions, there is no objective and reliable benchmark for us to estimate the timeframe required for achieving investment payback in relation to the cost of recruiting, retaining and/or training up the relevant personnel and skilled workers because of our lack of an established customer base in other regions.

We believe that through mergers and acquisitions or strategic investments, we can expand our business by enlarging the total number and the contracted GFA of our managed properties, as well as broadening our portfolio of property management services in respect of both residential and non-residential properties and specialised services.

Continue to scale up our business in non-residential properties to further diversify our revenue streams and growth drivers

We endeavour to expand our property management service portfolio by extending our services to various types of properties. In addition to providing property management services to residential properties, we had provided property management services to various non-residential properties during the Track Record Period, which accounted for approximately 34.9%, 36.9%, 37.7% and 40.0% of our revenue from the property management service segment for FY2016, FY2017, FY2018 and 4M2019, respectively. According to Frost & Sullivan, the revenue generated from property management services in respect of non-residential properties in the Yangtze River Delta Megalopolis is expected to increase from approximately RMB37.4 billion in 2018 to approximately RMB49.2 billion in 2023, representing a CAGR of approximately 5.6%. In light of this, we intend to scale up our business in non-residential properties to an increasing number of non-residential properties by actively developing our property management services of non-residential properties to nurture new business and growth drivers.

With our abundant experience and well-established service procedures, we will continue to explore new engagements in relation to new and existing types of non-residential properties such as hospitals, schools and parks. In particular, we aim to seek potential property management engagement opportunities of landmark buildings to increase our brand recognition.

Continue to diversify our community value-added services and enhance our brand recognition

In view of the competitiveness of the property management service industry, property management service providers have to enhance their competitiveness, achieve greater scale of operation and raise its customers' satisfaction by providing more diversified services.

We plan to upgrade our branding capabilities by promoting our "Living+" social media account and introduce more business partners, primarily operators providing services beyond our scope of offering such as elderly care service, health and fitness services and pre-school education services to our "Living+" social media account to better address our customer's needs on a real-time basis. Similar to our existing community value-added services which we collaborate with laundry service provider, car washing service provider and agricultural products suppliers, we aim to build a network of business partners which wish to feature their services or products on our "Living+" social media account, thereby enriching its content and creating more business opportunities for us. This also allows us to become a comprehensive property management service provider with enhanced brand awareness and capabilities. We will rely our business partners, which possess expertise and experience in the relevant fields, to operate, manage and provide the services or products to our customers. We may establish business collaboration or explore strategic minority interest investment in our business partners when our management sees fit to maximise our return. We believe that customers are more willing to pay a higher property management fees to property management companies with a trusted brand and diversified service offerings, which will further improve our financial performance and overall competitiveness.

Invest in intelligent systems to improve our service quality and enhance our customers' experience

We strive to provide more convenient and reliable services to our property owners and occupants. We intend to develop intelligent systems by purchasing or upgrading equipment and facilities at our managed properties. For example, we plan to install intelligent access control system at entrances, intelligent car management system with licence plate recognition technology, intelligent fire detection and extinguishing technology, intelligent home management system and other remote surveillance system.

Our Directors consider that further investment in such intelligent systems in our managed properties will bring the following benefits to our Group, namely (i) our operational costs will be lowered as a result of the reduced number of labour employed; (ii) our level of standardisation and digitalisation will be improved to ensure the delivery of consistently high quality services with reduced human error; (iii) our customers' experience with our property management services will be enhanced thereby increasing our customers' stickiness and our renewal success rate, and improving our bargaining power for higher property management fees in the renewal process; and (iv) our brand image will be improved which enables us to attract more customers or to obtain more new projects.

To further develop our intelligent systems, we intend to actively seek for possible engagement from government, property developers and financial institutions to promote our capabilities in intelligent systems through more high-profile projects. We also plan to work with industry leading intelligent systems suppliers to enhance our intelligent technologies.

Upgrade our internal information technology systems to enhance operational efficiency

To increase our operational efficiency and lower our cost of management, we plan to upgrade our enterprise resource planning management systems and digitalised data management systems. Through our enhanced enterprise resource planning management systems, we will be able to maintain a standardised management of our managed properties and facilitate more direct management from our headquarters all the way to our managed properties. Through our updated digitalised data management systems, we will be able to collect, consolidate and analyse customers' data and records to facilitate the management of our relationships with our customers. Our management can track real-time data of our managed properties, understand and react to the latest industry trends and monitor our managed properties with an aim to enhance our service performance and overall operating efficiency. We intend to outsource to independent third party developer to help with the system upgrade, implementation and personnel training.

Continue to recruit more technical and managerial talents and, at the same time, provide training to our employees for the expansion of our operations

To support the abovementioned business strategies, we intend to develop and attract more talents to serve in various positions of our Group.

Provide regular trainings to our employees: Our training programmes are part of the benefits that we offer to our employees. We intend to continue to provide career development opportunities to our employees, living consultants and promote them internally, which helps us to retain our key employees and our future leader candidates. Our employee training programmes primarily consist of induction training and on-the-job training. We plan to cooperate with certain vocational schools and organise more external trainings to them in aspects such as general and technical skills and workplace safety in order to enhance their awareness on hazards, safe practices and emergency.

Recruit more talents and enlarge our workforce: We believe that having a sufficient pool of talented employees provides crucial support to our planned business growth and maintain our service quality. In particular, we plan to recruit more staff of managerial level and living consultants for our property management services.

We believe that the aforementioned measures will enable us to attract, retain, motivate and foster talented employees and to align the interest of our employees with that of our investors.

OUR BUSINESS MODEL

During the Track Record Period, we generated revenue from two main business lines, namely, (i) property management services; and (ii) community value-added services. We provide property management services in respect of both residential properties and non-residential properties, and we provide community value-added services in respect of residential properties.

Property management services

Residential properties

We provide a wide range of property management services to property owners' associations and residents:

(i) security services;

(ii) cleaning services;

(iii) car park management;

(iv) repair and maintenance of specialised elevators, escalators and mechanical car park equipment;

(v) gardening and landscaping services;

(vi) daily repair and maintenance of equipment and machinery; and

(vii) ancillary customer services.

Non-residential properties

We manage a diversified portfolio of non-residential properties comprised of nine types of properties, namely government facilities, financial institutions, property sales offices, parks, highway service area, industrial parks, mixed-use properties, schools and office buildings. Similar to our residential properties, our property management services in respect of non-residential properties are also comprised of security services, cleaning services, car park management services, repair and maintenance of specialised elevators, escalators and mechanical car park equipment and daily repair and maintenance of equipment and machinery services mentioned above, as well as other ancillary customer services.

Community value-added services

We provide the following community value-added services in our managed residential properties to cater for the evolving needs of our customers and enhance their level of convenience:

(i) common area value-added services;

(ii) fitness services; and

(iii) community convenience services.

The synergistic effects achieved through these two business lines help us diversify our revenue streams, and consolidate our relationship with our customers by offering them complementary services. The table below sets out the breakdown of our total revenue for the periods indicated by business segments:

	FY2016		**FY2017**		**FY2018**		**4M2019**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	168,949	74.3	232,737	76.1	367,641	78.6	154,923	83.7
Community value-added services	58,420	25.7	73,164	23.9	100,025	21.4	30,193	16.3
Total	**227,369**	**100.0**	**305,901**	**100.0**	**467,666**	**100.0**	**185,116**	**100.0**

PROPERTY MANAGEMENT SERVICES

We have been providing property management services in the PRC for over 20 years since 1998. We have grown from a local property management service provider in Nanjing, to one of the leading property management service providers in both Nanjing and Jiangsu Province. As at 30 April 2019, our property management services covered 10 PRC cities, including seven cities in Jiangsu Province and three cities in other provinces in the Yangtze River Delta Megalopolis, with GFA under management reaching approximately 19.6 million sq.m. We managed 197 properties, including 89 residential properties and 108 non-residential properties, serving over 100,000 households as at 30 April 2019.

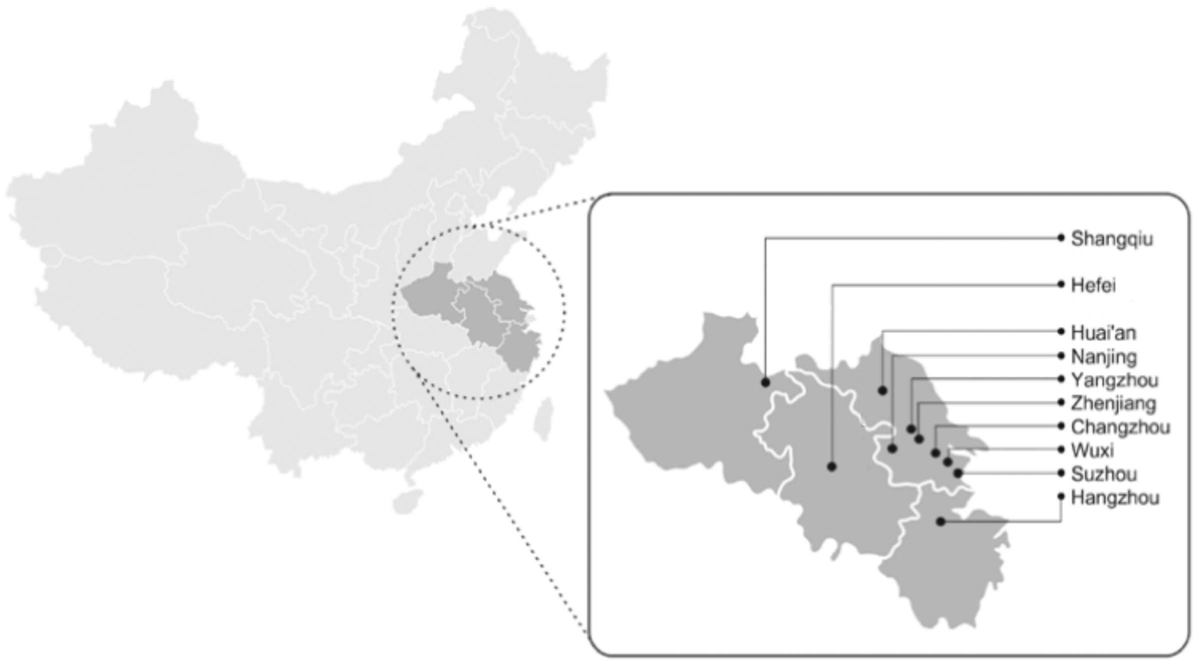
The table below sets out our (i) contracted GFA; (ii) GFA under management; and (iii) the number of managed properties, as at the dates indicated:

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
Contracted GFA *(Note)* *('000 sq.m.)*	9,969	14,018	22,296	26,584
GFA under management *(Note)* *('000 sq.m.)*	6,614	10,769	15,463	19,615
Number of managed properties	63	102	162	197

Note: The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging our Group for other property management services.

Geographic coverage

The map below illustrates the geographic coverage of our managed properties as at 30 April 2019:



The table below sets out the breakdowns of (i) our GFA under management; and (ii) the number of our managed properties by geographic region as at the dates indicated:

	As at 31 December						As at 30 April	
	2016		2017		2018		2019	
	GFA(Note)	Number	GFA(Note)	Number	GFA(Note)	Number	GFA(Note)	Number
	('000 sq.m.)		*('000 sq.m.)*		*('000 sq.m.)*		*('000 sq.m.)*	
Nanjing	5,860	60	9,189	94	12,231	141	14,738	165
Yangtze River Delta Megalopolis (excluding Nanjing)	754	3	1,580	8	3,232	21	4,877	32
Total	**6,614**	**63**	**10,769**	**102**	**15,463**	**162**	**19,615**	**197**

Note: The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging our Group for other property management services.

The table below sets out the breakdown of our property management services revenue by geographic region for the periods indicated:

	FY2016		FY2017		FY2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Nanjing	153,537	90.9	213,025	91.5	320,070	87.1	130,174	84.0
Yangtze River Delta Megalopolis (excluding Nanjing)	15,412	9.1	19,712	8.5	47,571	12.9	24,749	16.0
Total	**168,949**	**100.0**	**232,737**	**100.0**	**367,641**	**100.0**	**154,923**	**100.0**

During the Track Record Period, over 80% of our property management services revenue were generated from properties located in Nanjing. We expect that our properties in Nanjing will continue to account for a significant portion of our operations in the near future. In addition to our established headquarters in Nanjing, as at the Latest Practicable Date, we had also established a branch office in Wuxi to facilitate the expansion of the geographical scope of our operations, while maintaining service quality as well as minimising and controlling discrepancies in service standards across different regions and different properties under our management. We believe that the establishment of the branch office in Wuxi will help us prepare for further expansion of our operations and enable us to better capitalise on economies of scale.

Types of our property management services

We provide property management services in respect of both residential and non-residential properties. Non-residential properties are comprised of nine types of properties, namely government facilities, financial institutions, property sales offices, parks, highway service area, industrial parks, mixed-use properties, schools and office buildings.

The table below sets out the breakdown of our revenue from property management services by property types for the periods indicated:

	FY2016			FY2017			FY2018			4M2019		
	RMB'000	*%*	*GFA under management sq.m.'000*	*RMB'000*	*%*	*GFA under management sq.m.'000*	*RMB'000*	*%*	*GFA under management sq.m.'000*	*RMB'000*	*%*	*GFA under management sq.m.'000*
Residential properties	110,063	65.1	5,629	146,763	63.1	9,110	229,122	62.3	13,103	93,003	60.0	15,678
Non-residential properties	58,886	34.9	985	85,974	36.9	1,659	138,519	37.7	2,360	61,920	40.0	3,937
Total	**168,949**	**100.0**	**6,614**	**232,737**	**100.0**	**10,769**	**367,641**	**100.0**	**15,463**	**154,923**	**100.0**	**19,615**

Residential properties

Depending on the nature of the properties that we manage, we provide some or all of the following property management services: (i) security services; (ii) cleaning services; (iii) car park management services; (iv) repair and maintenance of specialised elevators, escalators and mechanical car park equipment; (v) gardening and landscaping services; (vi) daily repair and maintenance of equipment and machinery; and (vii) ancillary customer services.

Property management services

(i) Security services

The standard security services we provide primarily include maintaining order of community, 24-hour surveillance, patrolling, guarding, access control, visitor handling and emergency handling. In some property management agreements, our customers require us to provide fire guarding services specifically for fire prevention.

(ii) Cleaning services

Our cleaning services generally include the cleaning of common area in our managed properties and lavatories and waste management services to our customers. Depending on our available resources, we generally engage subcontractors to provide cleaning services to our customers.

(iii) Car park management services

We also provide car park management services to our residents if the managed properties have car parking spaces and upon customers' requests. Our general scope of car park management services include managing traffic flows, utilisation of car parking spaces and road access to car parks.

(iv) Repair and maintenance of specialised elevators, escalators and mechanical car park equipment

For the repair and maintenance of specialised elevators, escalators and mechanical car park equipment, we possess the relevant qualifications and licences. Therefore our in-house technicians are able to perform repair and maintenance, routine management and inspections of certain systems and equipment and they also take charge of planning equipment maintenance and maintaining ledgers to ensure the normal operation of the equipment in the serviced area. Pursuant to the Regulations of Safety Supervision of Special Equipment (Revision 2009) (《特種設備安全監察條例(2009年修訂)》), we are required to provide repair and maintenance services for elevators on a regular basis.

(v) Gardening and landscaping services

We seek to maintain the growth and beauty of greenery throughout our managed properties. Our scope of services in this respect includes (a) daily garden and courtyard maintenance and renovation (such as pruning, fertilisation and pest control); and (b) gardening and landscape engineering projects (such as gardening services). We typically undertake the gardening and landscape engineering projects ourselves. Depending on our available resources, we may subcontract some of the gardening and landscaping works to subcontractors.

(vi) Daily repair and maintenance of equipment and machinery services

The scope of our services in this respect is two-fold, one being the provision of routine inspection and operation of the building facilities and equipment and the other being repair and maintenance of the normal wear and tear thereof. Our repair and maintenance services typically cover the common area, external walls and/or common area equipment and facilities in our managed properties and different building facilities, including (a) fire and safety facilities and services systems, such as fire extinguishers and fire alarm systems; (b) common area facilities such as electronic automation systems; and (c) utility facilities such as generators, water pumps and tanks. Save and except for fire and safety facilities and services systems, we provide the aforementioned services through our employees. As to the repair and maintenance of fire and safety facilities and services systems, we outsource the repair and maintenance works to subcontractors with requisite qualifications as they are regulated under the PRC law and need to be performed by specialised subcontractors.

(vii) Ancillary customer services

We provide ancillary services to our customers generally including (i) utility fee collection services; (ii) assisting owners and residents of our managed residential properties in handling daily services; (iii) handling customer complaints, answering enquiries, following up the progress and feedback; and (iv) concierge services. We also provide concierge services for our customers to the visitors of the managed properties, answer enquiries, guest registration and tea services. Upon customers' requests, our Group will also provide event management services.

Non-residential properties

Similar to our residential properties, our property management services in respect of non-residential properties are also comprised of security services, cleaning services, car park management services and daily repair and maintenance of equipment and machinery services mentioned above. Customers of non-residential properties may also choose to engage our Group for the provision of one or more than one type of property management services in our property management agreements, such as standalone repair and maintenance of specialised elevators, escalators and mechanical car park equipment services, as well as corporate management services. As such, we are flexible in terms of our ability to accommodate our customers' needs and requirements.

Revenue model of property management services

During the Track Record Period and as at the Latest Practicable Date, substantially all of our property management fees were charged on a lump sum basis with the remainder charged on a commission basis. Our property management revenue generated from property management services charged on a lump sum basis accounted for approximately 99.7%, 99.5%, 99.7% and 100.0%, respectively, of our total revenue from property management services in FY2016, FY2017, FY2018 and 4M2019. Our property management revenue generated from property management services charged on a commission basis accounted for approximately 0.3%, 0.5%, 0.3% and less than 0.1%, respectively, of our total revenue from property management services for the same periods. Property owners are obliged to pay property management fees directly to us under our property management agreements and preliminary property management agreements.

The following table sets out a breakdown of our revenue from property management services by revenue model for the periods indicated and the total GFA under management as at the dates indicated:

	As at or for the year ended 31 December									As at or for the four months ended 30 April		
	2016			2017			2018			2019		
	Revenue	Revenue	GFA (Note)	Revenue	Revenue	GFA (Note)	Revenue	Revenue	GFA (Note)	Revenue	Revenue	GFA (Note)
	RMB'000	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*
Lump sum basis	168,473	99.7	6,511	231,574	99.5	10,599	366,457	99.7	15,293	154,856	100.0	19,592
Commission basis	476	0.3	103	1,163	0.5	170	1,184	0.3	170	67	0.0	23
Total	**168,949**	**100.0**	**6,614**	**232,737**	**100.0**	**10,769**	**367,641**	**100.0**	**15,463**	**154,923**	**100.0**	**19,615**

Note: The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging our Group for other property management services.

Lump sum basis

Under the lump sum basis, we are generally paid a pre-determined amount of property management fee per GFA for all units, which represents an "all-inclusive" fee for all the property management services provided by us. Thus, we have to bear all costs involved in providing our property management services as specified in our property management agreements, including, among others, labour costs for security, cleaning and gardening, repair and maintenance services and general overhead covering the properties. If any excess expenditure is incurred, we are generally not entitled to request our customers to pay us the shortfall. Hence, under the lump sum basis, our costs saving ability throughout the course of our provision of the property management services, has a direct correlation to our profitability. For further details, please see "Risk Factors — Risks Relating to Our Business and Industry — Our provision of property management services on a lump sum basis could subject us to losses" in this prospectus.

In FY2016, FY2017, FY2018 and 4M2019, we suffered from eight, 20, 35 and 35 loss-making property management agreements, during which they generated revenue of approximately RMB14.7 million, RMB33.5 million, RMB54.3 million and RMB16.9 million, whereas the total costs recognised amounted to approximately RMB16.0 million, RMB38.8 million, RMB60.8 million and RMB20.5 million, respectively. This is primarily due to higher material and equipment costs incurred in the initial stage of projects when we were engaged to replace the then existing property management companies, in order to improve the overall conditions of such projects to meet our usual service standards, which caused the profitability for such projects in their first two to three years to be generally low. The number of contracts involved with respect to residential properties and non-residential properties where our Group was engaged to replace the then existing property management companies during the Track Record Period was 46 and 59, respectively. In general, residential properties incur higher costs in the initial stage of projects. For the eight loss-making projects in FY2016, all these projects started generating profits in FY2018. As to the 20 loss-making projects in FY2017, 19 of these projects started generating profits in 4M2019. During the Track Record Period, there were 83 loss-making projects in total, among which the agreements of 21 projects expired during such period and 19 projects had been successfully renewed and the remaining two projects with respect to property sales offices had been completed as at the Latest Practicable Date.

Based on the experience of our Directors, we generally expect such projects to make profits in their third years and going forward. During the Track Record Period, our Group recorded high renewal rate of approximately 98.7%, 99.1%, 100% and 100% (calculated based on the number of renewed property management agreements in a given year divided by the number of expiring property management agreements in the same year), respectively, for its property management agreements. The property management agreements that our Group entered into with the property owners' association generally have a term of one year to three years. According to Frost & Sullivan, a typical property management agreement in the PRC generally has a fixed term of one to five years and the average renewal rate of property management agreements in the PRC was approximately 90% in 2018. As such, the length of our Group's property management agreements is in line with the industry practice and our Group's renewal rate of property management agreements during the Track Record Period was above the industry average.

Our Group also generally managed to increase the property management fees during the renewal of property management agreements. During the Track Record Period, we had renewed the property management agreements in respect of 27 residential properties, in 22 of which the property management fees had been increased at an average rate around 20%. In light of the above, our Directors consider that it would still be commercial viable for our Group to accept new agreements even with low profitability in their first two to three years. According to Frost & Sullivan, when signing new property management agreements to replace the then existing property management service companies, it is difficult for new property management service companies to charge higher management fees compared to the management fees of the then existing property management service companies. Further, when the new property management companies start to provide property management service pursuant to the new agreements, they tend to invest in community maintenance and renovation resulting in higher costs generally during their initial term which in turn, reduce the profitability of the property management service companies during the same period. In light of the above, Frost & Sullivan is of the view that lower profitability of new contracts during their initial term especially when it replaces the then existing property management service companies is an industry norm. Our Directors also confirmed that our Group has not experienced any difficulties in obtaining new projects on commercially acceptable terms during the Track Record Period and up to the Latest Practicable Date.

Before obtaining a project, we will evaluate profitability of the project. Factors we generally take into consideration include our then available resources and staff cost. In the first year of the agreement, we generally incur higher costs including overhaul, costs incurred for repair and renovation of public facilities for properties we took over, such as renovation of residential access control and rainwater pipes, construction of community road and parking lot, upgrade of monitoring system and fire protection and therefore, we generally incur a loss. In the second year, our main objective is to achieve breakeven through our quality services. In the third year, after our Group and our customers have established a stable relationship, the revenue generated from community value-added services will generally be improved, and the cost of operations will generally be lower than that in the previous two years.

We have established various internal measures to avoid loss-making. For instance, before entering into a new lump sum basis property management agreement, we normally analyse the risk and costs of the potential project to negotiate appropriate property management fees. We generally will not enter into a lump sum basis property management agreement if our Directors anticipate that the projected profitability would fall below our minimum requirement and not expected to be improved after years of operations. The minimum requirement is generally calculated based on the assumptions that (i) the local minimum wage level will not increase significantly during the term of the agreement (i.e. generally three years); and (ii) our property management services will satisfy the standards of the customers so that they will renew the agreements with us. After we have signed a lump sum basis property management agreement, we set a financial budget and review the revenue and cost of each project on a regular basis. To mitigate our potential losses, we strive to implement a series of measures, including (i) evaluating the profitability and the feasibility of undertaking the project before signing of the property management agreements; (ii) implementing digitalised data management system to improve the efficiency of collection of property management fees thereby reducing labour costs; and (iii) reviewing and analysing the operating data and progress of our projects on a monthly basis to ensure our operating cost will not exceed our budgeted cost. We also actively implement other cost saving measures such as deployment of technology and machineries to reduce the manpower required.

Under a lump sum basis, we recognise the full amount of property management fees we charged to our customers as revenue, and recognise the direct operating costs we incurred in connection with the provision of our property management services as our cost of sales.

Commission basis

We retain as our revenue a fixed amount of commission, which generally represents 8% to 15% of our estimated costs of managing the property. Effectively, these costs of managing the property are borne by our customers. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally rolled over to the next annual period, and the balance is added to receipts on behalf of occupants on our balance sheets. In the event of a shortfall of working capital to pay for the relevant property management expenses, we may need to make up for the shortfall and pay on behalf of our customers and seek reimbursements from our customers subsequently.

On a commission basis, we essentially act as an agent of our customers. The relevant costs associated with the onsite staff and subcontracting arrangements are typically borne by our customers. We are not entitled to any excess of the property management fees paid by our customers, 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 generally do not recognise any direct cost under property management agreements charged on a commission basis. Such costs are borne by our customers, as the case may be.

Collection of property management fees

To facilitate the timely collection of property management fees and other payments, we regularly remind property developers, property owners and residents through channels such as instant messages, written notices or home visits. We have adopted various measures to enhance the timeliness of collection of property management fees and other payments such as payment reminders and payment status notices. When the property management fees become overdue, we will deliver overdue payment notices to the relevant residents and follow up with frequent payment reminders. For payments that are consistently overdue after the delivery of overdue payment notices, our staff will issue demand letters. In the event of significant payment delays, we may initiate legal proceedings to collect the fees.

Our customers are generally required to pay the management fees bi-annually by cash, credit card, bank transfer or third party payment platforms on a particular date as set out in the residential property management agreements in advance.

The terms and means for the payment of property management fees under the non-residential property management agreements vary depending on the agreement. Our customers are generally required to pay the management fees quarterly or bi-annually by cash, credit card, bank transfer or third party payment platforms, and we usually grant a certain credit period to our customers ranging from one month to three months. Some non-residential property management agreements may require our customers to pay property management fees in advance.

The property management fees prepaid by customers of residential properties as at 31 December 2016, 2017 and 2018 amounted to RMB48.8 million, RMB76.0 million and RMB112.9 million, representing approximately 33.3%, 30.4% and 35.2% of the property management fees payable to our Group for FY2017, FY2018 and FY2019, respectively.

For FY2016, FY2017, FY2018 and 4M2019, our collection rates of property management fees, in respect of our residential properties were approximately 94.0%, 90.8%, 89.4% and 50.9%, respectively. For FY2016, FY2017 and FY2018, the collection rate of property management fees is calculated by dividing the property management fees we actually received as at year end by the total property management fees payable to us for the same year. For 4M2019, the collection rate of property management fees is calculated by dividing the property management fees we actually received as at 30 April 2019 by the total property management fees payable to us for the full year of FY2019. As it is calculated based on payments received as at 30 April 2019, the collection rate of 4M2019 is lower than that of FY2016, FY2017 and FY2018.

According to the Frost & Sullivan Report, the average historical collection rate of property management fee of property management service companies in China was approximately 78.2% in 2018. The collection rate of property management fee for residential properties and non-residential properties of the top market players in Jiangsu Province in 2018 were between 83% and 99%. The collection rate of property management fee for residential properties and non-residential properties of the top market players in Nanjing in 2018 were between 86% and 99.3%.

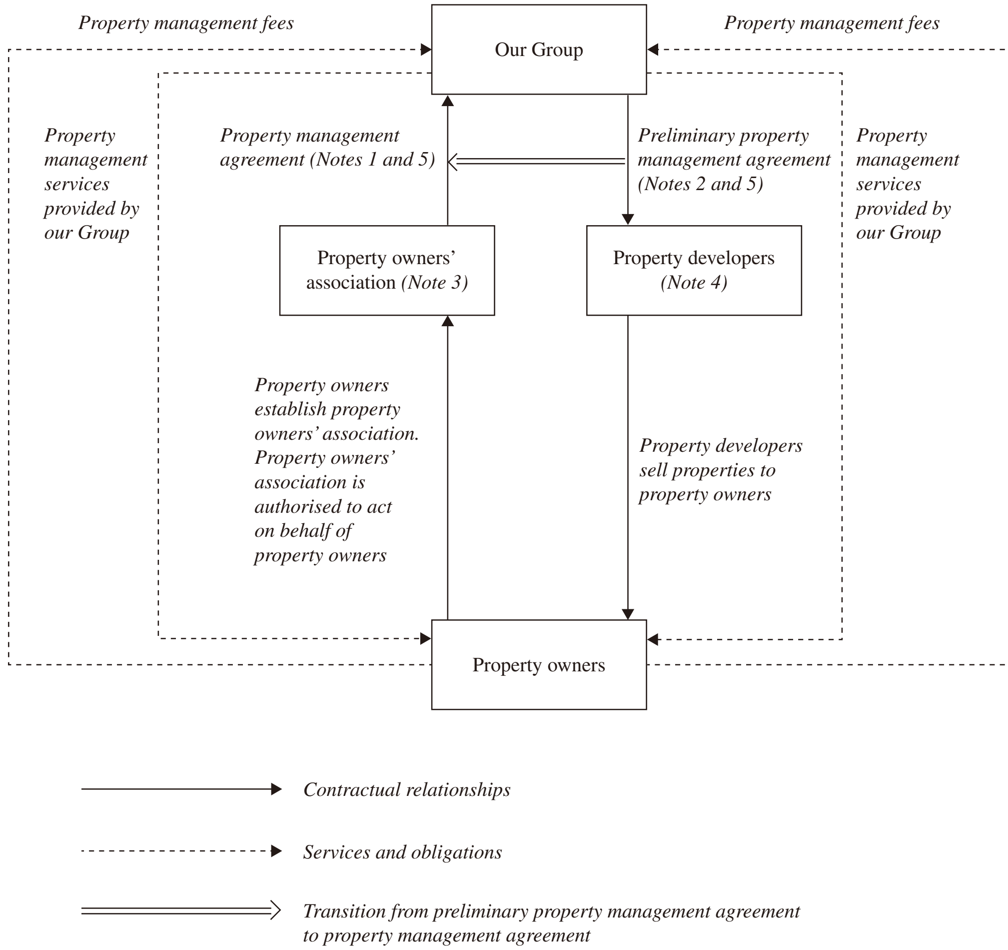
As advised by Frost & Sullivan, the historical collection rate of property management fee of our Group during the Track Record Period is in line with other top market players in Jiangsu Province and Nanjing in 2018.

Our property management agreements

The provision of our property management services is governed by (i) preliminary property management agreements entered into between the property developers and us before the newly developed properties are delivered to the property owners; or (ii) property management agreements entered into between the property owners' association and us, after the developed properties have been delivered to the property owners and the property owners' associations have been established in accordance with the PRC laws. Property owners are obliged to pay property management fees directly to us under our property management agreements and preliminary property management agreements.

In accordance with the applicable PRC laws and regulations, we do not need to undergo the tender process for the renewal of residential property management agreements but such renewal has to be approved in property owners' meeting by property owners with their aggregate exclusive area of more than half of the total GFA and the approving property owners representing more than 50% of the total number of property owners.

The diagram below illustrates our relationships with various contracting parties under our preliminary property management agreements and property management agreements.



Notes:

1. Property owners can select to engage us through the property owners' general meeting. Once we are selected, the property owners' association will enter in to a property management agreement with us on behalf of property owners and such agreement is legally binding on property owners.

2. A property developer can enter into a preliminary property management agreement with us on behalf of property owners and such agreement is legally binding on property owners.

3. Property owners' association enters into the property management agreement on behalf of property owners with us. Under the Law on Property (《物權法》) (Order No. 62 of the President of the PRC), the property owners' association is elected by the property owners, and represents their interest in matters concerning property management, and the association's decisions are binding on the property owners. As confirmed by our PRC Legal Advisers, we therefore have legally binding claims against property owners for any unpaid property management fees.

4. Property developers enter into preliminary property management agreements with us. As advised by our PRC Legal Advisers, according to Interpretations on Several Issues relating to the Specific Application of Laws on the Hearing of Property Management Service Disputes (《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》) (Fa Shi 2009 No. 8), which was promulgated by the Supreme People's Court on 15 May 2009 and came into effect on 1 October 2009, preliminary property management agreements duly executed by the property developers and property management companies are valid and legally binding on subsequent property owners, although neither the property owners' association nor individual property owners are parties to the preliminary property management agreements.

5. Our customers engage us through two types of agreements, namely preliminary property management agreements and property management agreements. The preliminary property management agreement will be generally terminated once a property owners' association has been formed and a property management agreement has been entered between our Group and the property owners' association.

Yincheng International Holding Group and/or Yincheng Real Estate Group

Our Group has been providing property management services to Yincheng International Holding Group, which is engaged in, among others, the business of property development in developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages, as well as Yincheng Real Estate Group. During the Track Record Period, we submitted two, one, 10 and one public tenders and won two, one, nine and one public tenders with respect to property projects developed by Yincheng International Holding Group and/or Yincheng Real Estate Group during preliminary stage for FY2016, FY2017, FY2018 and 4M2019, respectively. Our tender success rate for properties developed by Yincheng International Holding Group and/or Yincheng Red Estate Group during preliminary stage was 100%, 100%, 90% and 100%, respectively. For FY2016, FY2017, FY2018 and 4M2019, our tender success rate for completed residential properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group was 100%, 100%, 100% and nil, respectively. For further details, please see "Relationship with Controlling Shareholders — Interests of Controlling Shareholders and their Close Associates and in other Businesses" in this prospectus.

Other independent third party property developers

Over years of our operation, we have built up a business model operating independently from the property development of Yincheng International Holding Group and/or Yincheng Real Estate Group, as evidenced by our success in actively securing new engagement opportunities with independent third party property developers. We submitted six, six, six and one public tenders and won six, six, five and one public tenders with respect to property projects developed by the independent third party property developers during preliminary stage for FY2016, FY2017, FY2018 and 4M2019, respectively. Our tender success rate for properties developed by independent third party property developers during preliminary stage was approximately 100%, 100%, 83.3% and 100% for FY2016, FY2017, FY2018 and 4M2019, respectively. For FY2016, FY2017, FY2018 and 4M2019, our tender success rate for completed residential properties developed by independent third party property developers was 60.0%, 75.0%, 72.2% and 75.0%, respectively, and our tender success rate for non-residential properties developed by independent third property developers was 63.2%, 44.1%, 59.6% and 47.6%, respectively.

The table below sets out the breakdowns of (i) our GFA under management and (ii) the number of our managed properties by type of developers as at the dates indicated:

	As at 31 December						As at 30 April	
	2016		2017		2018		2019	
	GFA*(Note 1)*	Number	GFA*(Note 1)*	Number	GFA*(Note 1)*	Number	GFA*(Note 1)*	Number
	('000 sq.m.)		*('000 sq.m.)*		*('000 sq.m.)*		*('000 sq.m.)*	
Properties developed by Yincheng International Holding Group/ Yincheng Real Estate Group								
– Preliminary stage *(Note 2)*	1,575	8	2,126	10	2,181	11	2,627	13
– Property owners' associations	1,439	15	1,443	17	1,455	22	1,465	25
Sub-total	**3,014**	**23**	**3,569**	**27**	**3,636**	**33**	**4,092**	**38**
Properties developed by independent third party property developers								
– Preliminary stage *(Note 2)*	203	3	841	6	2,203	11	2,303	12
– Property owners' associations	3,397	37	6,359	69	9,624	118	13,220	147
Sub-total	**3,600**	**40**	**7,200**	**75**	**11,827**	**129**	**15,523**	**159**
Total	**6,614**	**63**	**10,769**	**102**	**15,463**	**162**	**19,615**	**197**

Notes:

(1) The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging our Group for other property management services.

(2) After winning the relevant public tenders and entering into the relevant preliminary property management agreements with the property developers, it takes time for the newly developed properties to be delivered to the property owners. These newly developed properties will only be under our management once they are delivered to the property owners.

The table below sets out the breakdown of our property management services revenue by type of property developers for the periods indicated:

	FY2016		FY2017		FY2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Properties developed by Yincheng International Holdings Group/ Yincheng Real Estate Group								
– Preliminary stage *(Note)*	24,963	14.8	34,302	14.7	44,643	12.1	20,819	13.4
– Property owners' associations	39,537	23.4	40,863	17.6	43,115	11.7	14,182	9.2
Sub-total	**64,500**	**38.2**	**75,165**	**32.3**	**87,758**	**23.9**	**35,001**	**22.6**
Properties developed by independent third party property developers								
– Preliminary stage *(Note)*	2,269	1.3	8,224	3.5	17,774	4.8	12,656	8.2
– Property owners' associations	102,180	60.5	149,348	64.2	262,109	71.3	107,266	69.2
Sub-total	**104,449**	**61.8**	**157,572**	**67.7**	**279,883**	**76.1**	**119,922**	**77.4**
Total	**168,949**	**100.0**	**232,737**	**100.0**	**367,641**	**100.0**	**154,923**	**100.0**

Note: Preliminary stage revenue refers to property management fees collected under our preliminary property management agreements.

Key terms of our property management agreements

Scope of services	Our agreements of residential properties generally set out the scope of our property management services, which normally include security, cleaning, gardening and landscaping and repair and maintenance services. Regarding our common area value-added services, we are generally authorised under the preliminary property management agreements or property management agreements to lease out the common area on behalf of the property owners. On the other hand, our community convenience services and fitness services are provided to owners and residents upon their requests and needs. As such our agreements do not normally include community convenience services or fitness services. As to the service scope of our agreements of non-residential properties, they generally include security, cleaning, car park management services and daily repair and maintenance services. Customers of non-residential properties may also choose to engage our Group for the provision of one or more than one type of property management services in our property management agreements. Our preliminary property management agreements typically have the same scope of services with our property management agreements of residential properties.
Performance scope and standards	The agreement sets out the area to which our services relate, as well as the expected standards for our property management services such as (i) for residential properties the frequency of performance of services including the cleaning of the public area and the inspection of public facilities; and (ii) for non-residential properties, the number of staff to be allocated for the provision of services.
Term and termination	The property management agreements we entered into with property owners' association generally have a term of one year to three years. During the Track Record Period, the renewal rate (calculated based on the number of renewed property management agreements in a given year divided by the number of expiring property management agreements in the same year) of our property management agreements was approximately 98.7%, 99.1%, 100% and 100%, respectively.

Our preliminary property management agreements generally do not specify a duration. However, based on the experience of our Directors, it generally takes around three to five years for property owners to establish property owners' associations and our preliminary property management agreements generally have duration of four to five years and our preliminary property management agreements generally continue to be valid until the property owners' association has entered into a property management agreement with us or with another property management company. During the Track Record Period, we continued to provide property management services to a few properties for which the relevant preliminary property management agreements or property management agreements have already expired and are in the process of being renewed. As at 30 April 2019, we managed 89 residential properties. There were a total of 33 preliminary property management agreements, and eight of them were subsequently converted into property management agreements as at 30 April 2019 among which, two were converted into property management agreements during the Track Record Period.

In the event of our default, for example, (i) if we raise the property management fees without the consent from our customers, (ii) if we charge our customer indiscriminately, or (iii) if we materially breach the terms of the property management agreement and fail to rectify such breach, our customers may terminate the agreement unilaterally prior to the relevant expiry date.

Property management fees	The property management fees of residential properties begin to accrue upon delivery of the purchased property. The property management fees of non-residential properties begin to accrue upon the execution of the agreement.
Subcontracting	Unless otherwise specified, we are generally allowed to outsource individual components of the property management services to specialised third party contractors. For example, we may choose to outsource certain security or cleaning services to third party subcontractors and only conduct the overall coordination and planning ourselves.
Probation period	Some of our property management agreements with property owners' association stipulates a probation period ranging from three to six months whereby we are required to achieve certain level of satisfaction of our services as specified in our agreements. Failing to achieve such rate will result in termination.

The following table sets out the movement of the number of preliminary property management agreements of our managed properties during the Track Record Period:

	FY2016	FY2017	FY2018	4M2019
Number of preliminary property management agreements of our managed properties as at the beginning of the relevant period	6	11	16	22
Number of new preliminary property management agreements of our managed properties	5	6	7	3
Number of preliminary property management agreements of our managed properties subsequently converted into property management agreements	0	(1)	(1)	0
Number of preliminary property management agreements of our managed properties as at the end of the relevant period	11	16	22	25

Out of the 25 preliminary property management agreements as at 30 April 2019 (i) 24 of them do not specify a fixed term and continue to be valid until the property owners' association has entered into a property management agreement with us or with another property management company; and (ii) one preliminary property management agreement will expire on 31 July 2021 but does not specify the renewal procedure. In general, when a preliminary property management agreement is going to expire prior to the establishment of a property owners' association, our Group will commence the negotiation with the relevant property developer in relation to its renewal before its expiry.

After delivery of the properties by property developers to the property owners, property owners may form and operate property owners' associations to act on behalf of the property owners. The Property Law of the PRC (《中華人民共和國物權法》) and the Regulation on Property Management (《物業管理條例》) stipulate that property owners who own over half of the GFA in the residential properties and who account for more than half of the total number of the property owners may vote to establish property owners' associations at property owners' meetings. Based on our experience, it generally takes around three to five years to form the property owners' associations. Once our preliminary property management agreements have expired, we may negotiate with the newly-formed property owners' associations for the terms of renewal of our property management agreements. Property owners and residents were legally obligated to pay us property management fees, since we continued rendering services to those property management projects during the negotiation period. In cases where we have signed preliminary management agreements without fixed terms and no property owners' association is formed after delivery of the properties, as confirmed by our PRC Legal Advisers, property owners and residents are also legally obliged to pay property management fees directly to us for the services we continue to render.

Our property management service fees

We are typically appointed as the property management company to provide property management services through a tender process. During the Track Record Period, we obtained all of our residential property projects secured during preliminary stage through public tenders, whereas we obtained our engagements for completed residential properties to replace the then existing property management companies through public tenders and acquisition of property management companies. When we bid for a new property management agreement or negotiate for the renewal of an existing one with our customers, we generally price our services based on a number of factors, including (i) our expense forecast including the labour costs and subcontracting fees; (ii) the GFA or the size of the project; (iii) the terms and conditions of the property management agreement; (iv) the scope of property management services required from our customers; (v) the types and locations of the property; and (vi) the then prevailing market condition and our estimation of our competitors' pricing. In respect of residential properties, we are subject to the local government's guidance price on property management fees. In addition, in respect of agreements where our fee is calculated and paid on a lump sum basis, we would consider the potential for cost savings via economies of scale, automation and other equipment upgrade services, which help us lower our proposed property management fees in our bids. Our average property management fee for residential properties during the Track Record Period amounted to approximately RMB2.10 per sq.m./month, RMB1.66 per sq.m./month, RMB1.72 per sq.m./month and RMB1.62 per sq.m./month, respectively. According to Frost & Sullivan, our Group's range of monthly property management fee per sq.m. during the Track Record Period falls within the industry range.

The table below sets out our average property management fees for residential properties by type of developers for the periods indicated:

	FY2016	**FY2017**	**FY2018**	**4M2019**
	RMB per sq.m./month (Note)	*RMB per sq.m./month (Note)*	*RMB per sq.m./month (Note)*	*RMB per sq.m./month (Note)*
Properties developed by Yincheng International Holding Group/Yincheng Real Estate Group	1.86	1.90	2.03	2.26
Properties developed by independent third party property developers	3.32	2.43	2.45	2.19

Note:

Average property management fee is calculated by dividing the revenue generated from property management services for a year/period by the average GFA under management (being the sum of opening and closing balances of the total GFA under management of the respective year/period and then divided by two) for the corresponding year/period.

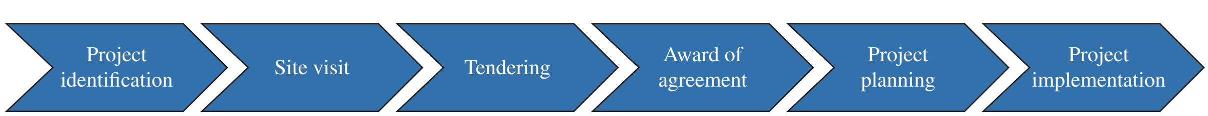
The average property management fees of properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group was lower than that of properties developed by independent third party property developers as (i) most of our managed properties developed by independent third party property developers during the Track Record Period were secured from property owners' associations (i.e property management agreements of completed residential properties) and therefore were not subject to price control, resulting in higher average property management fees. On the other hand, most of our managed properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group during the Track Record Period were secured and preliminary property management agreements were entered into during preliminary stage and therefore were subject to price control, resulting in lower average property management fees; and (ii) during the Track Record Period, the property management fees of non-residential properties were generally higher than that of residential properties and most of our managed non-residential properties were developed by independent third party property developers, resulting in higher average property management fees for our managed properties developed by independent third party developers.

Notwithstanding the above factors that we would take into account in pricing our services, the fees that property management companies may charge in connection with property management services were previously strictly regulated and supervised by relevant PRC authorities. According to the Measures for Property Management Pricing Costs Supervision and Examination (Trial) (《物業服務定價成本監審辦法（試行）》) (Fa Gai Jia Ge [2007] No.2285), competent pricing departments of people's government formulate and regulate the property management charging standard where the government guidance price shall be implemented and conduct pricing cost supervision and examination on relevant property management enterprises. The NDRC issued Notice of the National Development and Reform Commission on Opinions on Relaxing Price Controls in Certain Services (the "**Circular**") (《國家發展改革委關於放開部分服務價格意見的通知》) (Fa Gai Jia Ge [2014] No. 2755) which requires provincial-level price administration authorities to abolish all price control or guidance policies on residential properties other than affordable housing and preliminary property management agreements since December 2014. According to the Circular and the relevant laws and regulations, property management fees under our preliminary property management agreements remain subject to price guidance. For further details, please see "Regulatory Overview – Property Management Service Charges" in this prospectus. For our managed properties, approximately 26.9%, 27.6%, 28.4% and 25.1%, respectively, of our GFA under management was under price control in FY2016, FY2017, FY2018 and 4M2019. Approximately 16.1%, 18.2%, 16.9% and 21.6%, respectively, of our total property management services revenue was under price control during the same periods. For further details, please see "Regulatory Overview — Property Management Services — Property Management Service Charges" in this prospectus.

In respect of non-residential properties, our Group's average property management fee during the Track Record Period is calculated by dividing our revenue generated from property management services with respect to non-residential properties by the average GFA of non-residential properties under our management during the relevant period. Our average property management fee for non-residential properties during the Track Record Period amounted to approximately RMB5.07 per sq.m./month, RMB5.42 per sq.m./month, RMB5.74 per sq.m./month and RMB4.92 per sq.m./month, respectively.

Our tendering procedures and tendering strategy

The following illustrates the workflow of our tendering procedures:



We generally identify new business opportunities by reviewing the tender notices published on the property management tendering platform or through invitations.

After receiving the tender or quotation details, we make a preliminary assessment of the requirements of the tender. We evaluate the profitability of the project, the feasibility of undertaking the project with reference to the requirements relating to expertise and qualifications, our available labour and management resources, the estimated costs including subcontracting costs and potential profit margin of such project. To better understand the environment of the properties and communities of the project, we may carry out site visit on some occasions. After the site visit, if we are of the opinion that the facilities, equipment and machinery of the properties contain inherent defects or the property owners and occupants of the communities have disagreements in the management of the properties or our prevailing resources are already taken up by other projects, we may have to decline a tender invitation.

If we consider that a project is commercially viable, our senior management will proceed to prepare for the submission of tender. For example, our senior management will review the project requirements in detail and solicit quotations from suppliers and subcontractors.

We can then proceed to work out a comprehensive tender proposal mainly comprising scope of services, detailed cost plan providing for the project and terms of the proposed agreement. Upon receipt of our tender, our customers may further issue tender enquiries or conduct tender interviews with our Group in order to clarify the particulars of the submitted tender before they decide to award the agreement to our Group. If our tender is accepted, we will sign the agreement, and if our tender is rejected, we will analyse the reasons behind the rejection.

For properties developed by Yincheng International Holding Group and/or formerly developed by Yincheng Real Estate Group, we also undergo the same tender process before being awarded property management agreements, which is a standard tender process regulated by applicable PRC laws and regulations and the same process we undergo with respect to properties developed by third party property developers. During the Track Record Period, we submitted two, one, 10 and one public tenders and won two, one, nine and one public tenders with respect to property projects developed by Yincheng International Holding Group and/or Yincheng Real Estate Group for FY2016, FY2017, FY2018 and 4M2019, respectively. Our tender success rate for properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group was 100%, 100%, 90% and 100%, respectively.

COMMUNITY VALUE-ADDED SERVICES

With an aim to enhance the level of convenience at our managed communities and customer experience, satisfaction and royalty, we provide community value-added services to address their daily needs of the property owners and residents of our managed residential properties. These services are provided through our daily contact and interaction with our customers during the process of providing property management services, as well as through our "Living+" social media account. While our property agreements do not normally include community convenience services or fitness services, we strive to secure engagements from our property owners and residents through competitive pricing and quality services. As at 30 April 2019, our community value-added services covered 89 residential properties and seven mixed-use non-residential properties. Regarding our common area value-added services, we retain a portion of profits generated from the common area in accordance with an agreed percentage and remit the rest to the property owners or property owners' associations. We generally remit profits to the property owners or property owners' associations annually or bi-annually in January or in July in accordance with the agreements with the property owners or the property owners' association. On the other hand, our Group is generally not required to remit any amounts back to the property owners or property owners' associations with respect to our community convenience services and fitness services.

As to the service duration of our community-value added services, it depends on the scope agreed with our customers. As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, save as disclosed in the section headed "Business — Legal Proceedings and Compliance — Legal Compliance" in this prospectus, our Group was not in violation of any applicable PRC laws and regulations in relation to the provision of community value-added services in all material respects.

Our community value-added services mainly include (i) common area value-added services; (ii) fitness services; and (iii) community convenience services.

The following table sets out a breakdown of our revenue and gross profit margin of community value-added services:

	FY2016			FY2017			FY2018			4M2019		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Community value-added services												
(i) Common area value-added services	33,944	13,889	40.9	47,022	22,386	47.6	65,520	34,553	52.7	20,518	10,648	51.9
(ii) Fitness services	19,330	2,745	14.2	19,288	3,044	15.8	21,830	1,661	7.6	6,711	62	0.9
(iii) Community convenience services	5,146	669	13.0	6,854	1,976	28.8	12,675	3,254	25.7	2,964	845	28.5
Total	**58,420**	**17,303**	**29.6**	**73,164**	**27,406**	**37.5**	**100,025**	**39,468**	**39.5**	**30,193**	**11,554**	**38.3**

For FY2016, FY2017, FY2018 and 4M2019, revenue generated from our community value-added services amounted to approximately RMB58.4 million, RMB73.2 million, RMB100.0 million and RMB30.2 million, representing approximately 25.7%, 23.9%, 21.4% and 16.3% of our total revenue, respectively. For further details of our revenue, gross profit and gross profit margin of each type of our community value-added services, please see the paragraphs headed "Financial information – Revenue – (ii) revenue from community value-added services" and "Financial information – Gross profit and gross profit margin – (ii) gross profit and gross profit margin from community value-added services" in this prospectus.

Types of our community value-added services

(i) Common area value-added services

We lease out common area and advertisement space of properties such as elevator advertising spaces, and receive rental fees in return. We may also rent out common area for business operations. Common area are the property of all property owners as a whole. Generally, we are authorised under the preliminary property management agreements or property management agreements or under property owners' consents as required by the PRC laws to lease out the common area on behalf of the property owners. We profit from our common area value-added services by retaining a portion of the profits generated from the common area in accordance with an agreed percentage (generally ranging from 30% to 50%) and remit the rest to property owners or property owners' associations. We enter into separate agreements with companies for a term of up to three years. Depending on the terms of the agreements, we either charge the companies for rental income regularly on a quarterly, bi-annual or annual basis or receive one-off payment from them. To promote a healthy living environment to our customers, we strictly prohibit the companies to advertise illegal materials. The price of our common area value-added services is generally negotiated on a case-by-case basis with individual customers based on our location of properties, number of billboards to be erected and with reference to the then prevailing market price of similar services. The key terms of our common area value-added services typically include the following:

Scope of services	Typically we agree to lease out common area to allow companies to display billboards.
Term	We generally lease out common area to companies for a term of up to three years.
Fee	The fee is generally settled quarterly, bi-annually or annually.
Content of advertisement	We require the content to be advertised by the companies to comply with the relevant PRC laws and regulations.

We also act as a channel provider and engage subcontractors and other channels to provide (i) express delivery and storage services, where our customers can use our express delivery storage cabinets to receive the delivery packages delivered and stored by the delivery service providers; (ii) vehicle charging services, where our customers can use our charging stations to charge electric vehicles; (iii) laundry and car wash services, where our customers can make appointment for laundry and car wash services provided by our business partners through the "Living+" social media account; and (iv) sale of agricultural product services, where our customers can order agricultural products through the "Living+" social media account.

(ii) Fitness services

To promote a healthy lifestyle within our managed communities, we provide fitness facilities to fitness members. We organise regular fitness training classes, such as fitness and bodybuilding classes, customised private classes and teenage sports training classes, through our in-house fitness trainers or fitness trainers from our business partners to fitness members at the fitness centres operated by our Group. As at the Latest Practicable Date, we had over 4,400 fitness members and around 40 fitness trainers. Over the years, we have been reacting swiftly to market demands and continuing to increase the variety of our fitness services. We operated five fitness centres (including two fitness clubs and three 24-hour operated fitness room) and offered training courses like aerobics and les mills classes, pilates classes and children fitness training to fitness members as at the Latest Practicable Date. Our fitness centres are located in (i) Yincheng Dongyuan, Xuanwu District, Nanjing, Jiangsu Province; (ii) Hengshan Road, Jianye District, Nanjing, Jiansu Province; (iii) Jiangpu Street, Pukou District, Nanjing, Jiangsu Province; (iv) Jiangdong North Road, Gulou District, Nanjing, Jiangsu Province; and (v) Jufu Yuan, Gulou District, Nanjing, Jiangsu Province. Our fitness centres not only serve as training bases for college students, but also provide employment opportunities for retired athletes of Jiangsu Province. The key terms of our fitness services with our fitness members typically include the following:

Membership	We charge our fitness members based on the following fee structures: (i) annual basis (i.e. RMB3,500 to RMB3,800 per year); (ii) per-use basis (i.e. RMB50 to RMB100 per entry); and (iii) private training session (i.e. RMB400 to RMB500 per session). We generally determine the fees of our fitness services with reference to the then prevailing market condition and our competitors' pricing and the type and location of the fitness centres.
Transfer of membership	We allow our members to transfer their membership to other person for once subject to administrative fee.
Safety and hygiene	We require our members to follow our safety and hygiene requirements.

(iii) Community convenience services

We provide a wide range of community convenience services, including (i) waste management services; (ii) home living services; (iii) vehicle charging services; (iv) express delivery and storage services; (v) laundry and car wash services; (vi) sale of agricultural product services, to enhance the level of convenience of owners and residents at our managed residential properties.

Our Group offers directly (i) waste management services, where we collect waste management fees from the property owners and residents and additional fees will be charged to households with more waste; and (ii) home living services such as changing of lightbulbs and pipe cleaning services, where we charge service fees from our customers with respect to the services provided.

Our Group directly offers waste management services to our property owners and residents. Based on the waste management services requested by the property owners and residents, we charge our property owners and residents according to the standard set by the local government, by public notice or upon negotiation. As to other types of community convenience services such as laundry and car wash services, we may enter into separate agreements with our service providers for a typical term of one year. Our Group recommends such community convenience services provided by third parties through our "Living+" social media account to property owners and residents. We generally charge the third parties service providers based on the success of the recommendations and settle payment with them on a monthly basis.

The price of our community convenience services is generally determined with reference to the then prevailing market condition and our competitors' pricing and the type and location of the property. Our community convenience services are provided to our customers on a per-use basis.

During the Track Record Period, we had also provided design and building decoration services to our customers. Our PRC Legal Advisers, in the course of their due diligence for the purpose of the Listing, informed us in around June 2019 that we had not obtained the requisite qualifications and work safety licences for the provision of such services. Upon realising this non-compliance, we ceased to provide building decoration services since June 2019. As at the Latest Practicable Date, we were in the process of applying to the relevant government authorities for the requisite qualification. We expect that we will provide design and building decoration services once we have obtained the requisite qualification. The revenue generated by the provision of design and building decoration services in the amount of nil, RMB11,000, RMB870,000 and RMB198,000 during the Track Record Period, respectively, was included in our Group's financial results. For further details, please see "Legal Proceedings and Compliance — Legal Compliance" in this prospectus.

Collection of service fees of community value-added services

For the collection of our service fees of our community value-added services, we generally provide the services upon payment of the fees by our customers. We accept payment of service fees from our customers by cash, credit card, bank transfer or third payment platforms.

OUR SUPPLIERS

Our major suppliers are primarily (i) subcontractors which provided cleaning, consulting, maintenance, gardening and landscaping services; (ii) suppliers which provided equipment and machinery. Our suppliers usually grant us credit period from 10 days to 15 days. During Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulty in procuring materials or services from our suppliers nor was there any major default or delay by our suppliers that had a material adverse impact on our operations.

Major Suppliers

In FY2016, FY2017, FY2018 and 4M2019, purchase from our largest supplier amounted to RMB6.9 million, RMB5.7 million, RMB5.0 million and RMB1.0 million, representing approximately 11.9%, 6.8%, 3.7% and 2.5%, respectively, of our total purchase. During the same periods, purchase from our five largest suppliers amounted to RMB15.7 million, RMB19.6 million, RMB16.1 million and RMB2.7 million, respectively, representing approximately 27.2%, 23.6%, 11.8% and 6.6%, respectively, of our total purchase. We have maintained business relationship with our five largest suppliers during the Track Record Period for four years on average.

We typically enter into agreements with a term of up to three years with our five largest suppliers during the Track Record Period. Save as disclosed above, we do not have any long-term or exclusive agreement with our five largest suppliers.

As at 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 suppliers. None of our Directors, their respective close associates or any Shareholders which, to the best knowledge of our Directors, owned more than 5% of our total issued share capital as at the Latest Practicable Date, had any interest in any of our five largest suppliers, during the Track Record Period and as at the Latest Practicable Date.

Our Five Largest Suppliers

The table below sets out the details of our five largest suppliers for FY2016:

Rank	Supplier	Major services/ products purchased	Year of commencement of business relationship	Payment method	Purchase amount	Percentage of total purchases
					(RMB'000)	*(%)*
1	Supplier A	Cleaning services	2014	Bank transfer	6,873	11.9
2	Supplier B	Consulting services	2016	Bank transfer	4,640	8.0
3	Supplier C	Cleaning services	2015	Bank transfer	3,335	5.8
4	Supplier D	Car park management system	2014	Bank transfer	543	0.9
5	Supplier E	Gardening services	2013	Bank transfer	339	0.6
				Total	**15,730**	**27.2**

The table below sets out the details of our five largest suppliers for FY2017:

Rank	Supplier	Major services/ products purchased	Year of commencement of business relationship	Payment method	Purchase amount	Percentage of total purchases
					(RMB'000)	*(%)*
1	Supplier F	Fire extinguishing services	2017	Bank transfer	5,675	6.8
2	Supplier A	Cleaning services	2014	Bank transfer	5,105	6.1
3	Supplier C	Cleaning services	2015	Bank transfer	4,272	5.1
4	Supplier G	Maintenance services	2014	Bank transfer	2,321	2.8
5	Supplier H	Express delivery cabinet and storage cabinets	2017	Bank transfer	2,266	2.7
				Total	**19,639**	**23.6**

The table below sets out the details of our five largest suppliers for FY2018:

Rank	Supplier	Major services/ products purchased	Year of commencement of business relationship	Payment method	Purchase amount	Percentage of total purchases
					(RMB'000)	*(%)*
1	Supplier A	Cleaning services	2014	Bank transfer	4,990	3.7
2	Supplier I	Cleaning services and security services	2018	Bank transfer	4,397	3.2
3	Supplier J	Cleaning services	2015	Bank transfer	2,961	2.2
4	Supplier C	Cleaning services	2015	Bank transfer	1,974	1.4
5	Supplier K	Car park management system	2017	Bank transfer	1,807	1.3
				Total	**16,129**	**11.8**

The table below sets out the details of our five largest suppliers for 4M2019:

Rank	Supplier	Major services/ products purchased	Year of commencement of business relationship	Payment method	Purchase amount	Percentage of total purchases
					(RMB'000)	*(%)*
1	Supplier A	Cleaning services	2014	Bank transfer	1,032	2.5
2	Supplier C	Cleaning services	2015	Bank transfer	579	1.4
3	Supplier L	Gardening and landscaping services	2018	Bank transfer	397	1.0
4	Supplier M	Consumables	2019	Bank transfer	363	0.9
5	Supplier D	Gardening services	2013	Bank transfer	327	0.8
				Total	**2,698**	**6.6**

Subcontracting

We delegate certain property management services and community value-added services, such as cleaning and maintenance services for certain projects to qualified third party subcontractors which specialise in these services. In FY2016, FY2017. FY2018 and 4M2019, our subcontracting costs amounted to RMB15.3 million, RMB24.4 million, RMB40.7 million and RMB17.1 million, respectively, accounting for approximately 8.6%, 9.6%, 10.2% and 10.9%, respectively, of our total cost of sales.

We believe subcontracting arrangements allow us to reduce operation costs and contribute more resources to our core business and enhance the overall profitability of our operations.

Selection of our subcontractors

We select our subcontractors based on their background, qualifications and industry reputation, as well as their quality of services and products provided to us. We regularly monitor and evaluate the performance of our subcontractors. For further details, please see “Quality Control — Quality Control over Subcontractors” in this section.

Key Terms of Our Subcontracting Agreements

The key terms of our typical subcontracting agreements are as follows:

- *Term.* A subcontracting agreement typically has a term of one year and may be renewed upon mutual consent.

- *Our rights and obligations.* We are typically responsible for providing necessary working facilities.

- *Rights and obligations of subcontractors.* The subcontractors are responsible for providing services in accordance with the scope and standards prescribed in the subcontracting agreement and in compliance with all applicable laws and regulations. In the event for sub-standard performance, the subcontractors are required to take necessary rectification measures within the period required by us. Subcontractors are required to manage their staff providing the contracted services and there is no employment relationship between us and the staff personnel assigned by our subcontractors.

- *Subcontracting fees.* Subcontracting fees are typically determined with reference to costs incurred in connection with labour costs, material costs and other miscellaneous costs specified in the subcontracting agreements.

OUR CUSTOMERS

Our customer base primarily consists of property developers, property owners’ associations and owners or occupants of our managed properties. The table below sets out the major customers for our two business lines:

Business line	Major customers
Property management services	Property developers, property owners’ associations and owners or occupants of our managed properties
Community value-added services	Owners and residents of our managed residential properties and other local residents

In FY2016, FY2017, FY2018 and 4M2019, revenue derived from our largest customer, amounted to RMB14.4 million, RMB34.8 million, RMB35.4 million and RMB9.5 million, respectively, representing approximately 6.4%, 11.4%, 7.6% and 5.1%, respectively, of our total revenue. During the same periods, revenue from our five largest customers collectively amounted to RMB35.9 million, RMB59.6 million, RMB69.8 million and RMB22.2 million, respectively, representing approximately 15.8%, 19.5%, 14.9% and 12.0%, respectively, of our total revenue.

During the Track Record Period, we provided property management and ancillary services to our five largest customers. The credit period we granted to our customers ranged from one month to three months, respectively, and we did not experience any material default from them during the Track Record Period. We have had ongoing business relationships with our five largest customers during the Track Record Period for approximately six years on average. As at the Latest Practicable Date, we were not aware of any information or arrangements which would lead to termination of our relationships with any of our five largest customers.

Our Five Largest Customers

The table below sets out the details of our five largest customers for FY2016:

Rank	Customer	Major services provided	Year of commencement of business relationship	Payment method	Revenue contribution	Percentage of total revenue
					(RMB'000)	*(%)*
1	Yincheng Real Estate Group *(Note)*	Property management and ancillary services	2011	Bank transfer	14,445	6.4
2	Customer A	Property management services	2015	Bank transfer	7,758	3.4
3	Customer B	Property management services	2012	Bank transfer	6,291	2.8
4	Customer C	Property management services	2013	Bank transfer	3,723	1.6
5	Customer D	Property management services	2011	Bank transfer	3,658	1.6
				Total	**35,875**	**15.8**

The table below sets out the details of our five largest customers for FY2017:

Rank	Customer	Major services provided	Year of commencement of business relationship	Payment method	Revenue contribution	Percentage of total revenue
					(RMB'000)	*(%)*
1	Yincheng Real Estate Group *(Note)*	Property management and ancillary services	2011	Bank transfer	34,797	11.4
2	Customer A	Property management services	2015	Bank transfer	7,680	2.5
3	Customer C	Property management services	2013	Bank transfer	7,165	2.3
4	Customer B	Property management services	2012	Bank transfer	6,102	2.0
5	Customer D	Property management services	2011	Bank transfer	3,849	1.3
				Total	**59,593**	**19.5**

The table below sets out the details of our five largest customers for FY2018:

Rank	Customer	Major services provided	Year of commencement of business relationship	Payment method	Revenue contribution	Percentage of total revenue
					(RMB'000)	*(%)*
1	Yincheng Real Estate Group/ Yincheng International Holding Group *(Note)*	Property management and ancillary services	2011	Bank transfer	35,406	7.6
2	Customer C	Property management services	2013	Bank transfer	12,415	2.7
3	Customer A	Property management services	2015	Bank transfer	8,462	1.8
4	Customer E	Property management services	2017	Bank transfer	7,680	1.6
5	Customer B	Property management services	2012	Bank transfer	5,820	1.2
				Total	**69,783**	**14.9**

The table below sets out the details of our five largest customers for 4M2019:

Rank	Customer	Major services provided	Year of commencement of business relationship	Payment method	Revenue contribution	Percentage of total revenue
					(RMB'000)	*(%)*
1	Yincheng Real Estate Group/ Yincheng International Holding Group *(Note)*	Property management and ancillary services	2011	Bank transfer	9,519	5.1
2	Customer C	Property management services	2013	Bank transfer	4,389	2.4
3	Customer B	Property management services	2012	Bank transfer	2,804	1.5
4	Customer A	Property management services	2015	Bank transfer	2,779	1.5
5	Customer E	Property management services	2017	Bank transfer	2,739	1.5
				Total	**22,230**	**12.0**

Note:

In 2018, pursuant to corporate reorganisation, Yincheng International Holding Group acquired certain subsidiaries of Yincheng Real Estate Group. For the purpose of presentation, the revenue from Yincheng International Holding Group and Yincheng Real Estate Group in FY2018 and 4M2019 are aggregated as both Yincheng Real Estate Group and Yincheng International Holding Group are ultimately controlled by Mr. Huang.

Except for Yincheng Real Estate Group, Yincheng International Holding Group and their respective associates, none of our Directors, their respective close associates or any of our Shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as at the Latest Practicable Date, had any interests in our five largest customers during the Track Record Period. None of our five largest customers during the Track Record Period were our suppliers. During the Track Record Period and up to the Latest Practicable Date, we did not experience any defaults by our customers which had a material impact on us.

Customer Relationship Management

Our customer relationship management process aims to build and maintain sustainable customer relationships by focusing on delivering superior customer value and satisfaction, which we believe is critical to the long-term success of our business. We have taken a wide range of measures to actively build long-term relationships with our customers, primarily including:

- *Managing customer satisfaction and communications.* We regularly seek and receive customer feedback and complaints about our services. In order to provide a better customer experience and enhance our customer service, we offer a customer service hotline for receiving feedback, complaints and suggestions. Through our "Living+" social media account, customers can also receive public announcements, upcoming events and activities and advertisements and promotions.

- *Complementary services.* Under some of our residential property management agreements, we offer a wide range of activities utilising the common area of our managed communities regularly. For example, we organise community events utilising outdoor open spaces at our managed communities for residents to socialise and relax. These services can increase our engagement level with the residents and expand our access to consumer activities of the residents at the same time.

SALES AND MARKETING

Our sales and marketing team, is primarily responsible for our business development, marketing strategy, conducting market research, coordinating our sales, marketing and branding activities to solicit new customers and maintain and strengthen our relationship with our existing customers.

We have taken the following sales and marketing measures for the following segments/business line:

- *Residential property management.* We mainly promote our services and look for potential projects through the website of the local Bureau of Housing Management, the website of the industry association, the website of government bodies and through third party tendering agencies.

- *Non-residential property management.* We mainly promote our services and look for potential projects through national tendering websites, government public resources tendering websites, third party tendering agencies and property owners.

COMPETITION

According to the Frost & Sullivan Report, the property management service industry in the PRC is highly competitive and fragmented. There were over 100,000 property management services companies operating in the industry, with the top 10 companies accounting for only approximately 16.1% in terms of revenue in 2018. We primarily compete against large national, regional and local property management companies based on a number of factors, including scale, branding, profitability and service quality.

We believe that the principal competitive factors include, among others, operation scale, price and quality of services, brand recognition and financial resources. According to the Frost & Sullivan Report, we ranked the 1st, and the 5th among the property management service providers in Nanjing and Jiangsu Province in 2018 in terms of revenue, respectively.

For further details, please see "Industry Overview" in this prospectus.

QUALITY CONTROL

We pay particular attention to the quality of our services and believe that quality control is crucial to the long-term success of our business. Our quality control team, consisting of nine members, is primarily responsible for overseeing our business operations from the perspective of quality control, focusing on maintaining standards of quality, standardising our internal policies and service procedures and monitoring adherence to those standards. Our quality control team has an average of over seven years of relevant industry experience and most key members have college degree.

Quality Control over our Services

We conduct our operations in accordance with the standards represented by our ISO 9001, ISO 14001 and OHSAS18001 certification. ISO 9001 deals with the requirements that organisations wishing to meet the standard must fulfill. ISO 14001 is family of standards relating environmental management that exists to help organisations (i) minimise how their operations negatively affect the environment; (ii) comply with applicable laws, regulations and other environmentally oriented requirements; and (iii) continually improve in the above. OHSAS 18001 is an international occupational health and safety management system specification.

During the ordinary course of our business, we seek and receive customer feedback and complaints about our services. Customers may provide us with feedback and complaints by dialling our customer service hotline, by communicating with employees stationed at our sites or during our regular visit to major customers.

We have established a comprehensive set of standardised technical and quality control guidelines that provide detailed requirements as to quality control standards and specifications for all major aspects of our property management services. These guidelines are applicable across our property management projects. We require our employees to record customer feedback and complaints into our centralised customer service management system promptly. They are also required to get in touch with the customers to obtain preliminary information on the case promptly. Instances of contact with the customer shall be recorded and filed in written and photographic form. Employees responsible for the case must make constructive contact with the customer and resolve the case within one day. We also carry out periodic evaluation meetings to discuss any ad hoc issues spotted and the remedial actions to be taken.

Quality Control over Subcontractors

We typically set out the expected standards of quality in our subcontracting agreements. We evaluate the performance of our subcontractors from time to time and may require that they take appropriate and necessary rectification measures for incidents of sub-standard performance. We reserve the right to collect fines, deduct subcontracting fees and even terminate the agreement if our subcontractors fail to perform in accordance with our standards of quality, and decide whether to renew subcontracting agreements based on the outcome of our evaluations. For further details, please see "Our Suppliers — Subcontracting" and "Our Suppliers — Subcontracting — Key Terms of Our Subcontracting Agreements" in this section.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any complaints on our services which had a material impact on us.

INTELLECTUAL PROPERTY

We place emphasis on developing our brand and have registered trademarks to protect all aspects of our operations. As at the Latest Practicable Date, we were the registered owner of two trademarks in the PRC that we believe are material to our business. We were licensed by Yincheng Real Estate to use one trademark in the PRC and one trademark in Hong Kong, respectively. In addition, we have registered one domain name which has registered in Hong Kong. Further details of our intellectual property rights are set out in "Statutory and General Information — B. Further information about our business — 2. Intellectual Property Rights of our Group" in Appendix IV to this prospectus. As at the Latest Practicable Date, we were not aware of any infringement by us of any intellectual property rights owned by third parties.

AWARDS AND RECOGNITIONS

The table below sets out our major awards and recognitions up to the Latest Practicable Date:

Year	Award/Recognition	Awarding Organisation/ Institution
2017-2019	China Top 100 Property Management Companies (中國物業服務百強企業) in terms of business size, operational efficiency, service quality, growth potential and social responsibility	China Index Academy (中國指數研究院)
2018-2019	China Top 100 Property Management Companies in terms of marketisation of business (中國物業服務行業市場化營運領先企業)	China Index Academy (中國指數研究院)
2017-2019	China Top 100 Property Management Companies in terms of customer satisfaction (中國物業服務百強滿意度領先企業)	China Index Academy (中國指數研究院)
2018	Leading Brand of East China Property Service Companies (中國華東物業領先品牌)	China Index Academy (中國指數研究院)
2012-2017	Top 50 Property Management Companies of Jiangsu Province (江蘇省物業服務行業綜合實力五十強企業)	Jiangsu Province Real Estate Association (江蘇省房地產協會)
2017-2018	China Bluechip Real Estate Forum Outstanding Development Company (中國藍籌物業年會卓越發展企業)	The Economic Observer (經濟觀察報)
2018	Nanjing Citizens' Favourite Property and Community Operation Brand (南京市民最喜愛的物業與社區運營品牌)	Modern Express the Ninth Nanjing Property Management Forum (現代快報第九屆南京市物業管理論壇)

INSURANCE

We believe that our insurance coverage is in line with industry practice in the PRC. We maintain insurance policy against major risks and liabilities arising from our business operations, primarily including (i) property management liability insurance to cover liabilities for damages arising out of our business operation; (ii) public liability insurance to cover liabilities for personal injury or damages suffered by third parties arising out of our business operations; and (iii) employer's liability insurance to cover liabilities associated with accidental injuries to our employees as well as damages to third parties caused by our employees.

However, there are certain risks for which we are not insured, and we may not have sufficient insurance coverage for damages and liabilities that may arise in the course of our business operations. For further details, please see "Risk Factors — Risks Relating to Our Business and Industry — Our insurance policies may not provide adequate coverage for all claims associated with our business operations." in this prospectus.

EMPLOYEES

As at 30 April 2019, we had a total of 4,086 full-time employees. A breakdown of our employees by functions is set out in the table below:

Function	**Number of employees**
Senior management	6
Property management services	3,948
Community value-added services	39
Information technology	2
Sales and marketing	10
Customer relationship	15
Human resources and administration	30
Finance and accounting	24
Legal and internal audit	4
Others	8
Total	**4,086**

A breakdown of our employees by geographical location is set out in the table below:

Region	**Number of employees**
Nanjing	3,208
Yangtze River Delta Megalopolis (excluding Nanjing)	878
Total	**4,086**

We have been outsourcing and expect to continue to outsource certain labour-intensive service tasks and specialised technical service tasks, primarily including cleaning and maintenance services to subcontractors. Such subcontracting arrangements allow us to leverage the human resources and technical expertise of the subcontractors, reduce our reliance on labour and enhance the overall profitability of our operations.

We have a labour union which represents the interests of our employees and works closely with our management on labour-related issues. Our Directors believe that we have maintained good relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, there had been no complaint or claims from employees or labour dispute which materially and adversely affected, or was likely to have a material adverse effect on our operations.

Recruiting

We actively recruit skilled and qualified personnel in local markets through various channels, such as campus recruitment, advertisement placing and internal referrals. Each job applicant has an equal job opportunity. All of them will be treated equally and there is no discrimination as to gender, age and ethnicity.

Training

We believe our workforce is one of the most important assets of our Group. We have established systematic training programmes for our employees to enhance their knowledge of our corporate culture, property development project, sales techniques and information technology skills based on their positions and expertise. Our human resources department organises induction trainings and distributes entry guides to new joiners to familiarise them with the operations of our Group. Our management trainee programme “Star of the Future (未來之星)” provides training to graduates for our future management roles.

Retention

The remuneration package of our employees includes salary and bonuses. In general, we determine employees’ salaries based on the employee’s qualifications, experience, position and seniority and bonuses based on employees’ performance and our Group’s results of operations. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business.

SOCIAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to the PRC laws in relation to labour and safety. We have established occupational safety and sanitation systems, implemented the national occupational safety and sanitation rules and standards, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, save as disclosed in the section headed "Business — Legal Proceedings and Compliance — Legal Compliance" in this prospectus, we had complied with PRC laws and regulations in relation to workplace safety in all material respects.

Given the nature of our operations, we do not believe that we are subject to material risks or compliance costs in relation to environmental issues. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fines or penalties for non-compliance of PRC environmental laws, nor were we subject to any material administrative penalties in relation to violations of PRC environmental laws.

PROPERTIES

Owned Properties

As at the Latest Practicable Date, we owned four properties with a total GFA of approximately 1,000.8 sq.m. in Nanjing. Our owned properties are primarily for the staff quarters use. As at the Latest Practicable Date, we had obtained all title certificates for our owned properties.

We had no single property with a carrying amount of 15% or more of our total assets as at 30 April 2019 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).

Leased Properties

As at the Latest Practicable Date, we leased 39 properties in the PRC with a total GFA of approximately 14,674.9 sq.m. for the use of offices and fitness centres. As confirmed by our Directors, none of these properties is individually material to our operations.

As at the Latest Practicable Date, 20 properties (including five properties which are used or to be used for fitness centres) with a total GFA of approximately 13,667.9 sq.m. were leased from lessors who have provided sufficient and valid ownership certificates or other ownership documents. Our PRC Legal Advisers have advised us that these lease agreements for our leased properties with ownership certificates or other ownership documents in the PRC are valid and binding, and we are lawfully entitled to occupy and use these leased properties in accordance with the terms of the lease agreements. The remaining 19 properties with a total GFA of approximately 1,007 sq.m. for the use of offices were leased from lessors who were unable to provide valid ownership certificates or other sufficient ownership documents. As advised by our PRC Legal Advisers, we are unable to ascertain whether the lessors have the legal right or requisite authority to lease such properties to us. In addition to the above 39 leased properties, as at the Latest Practicable Date, we occupied ten properties with a total GFA of approximately 375.9 sq.m. for the use of office without valid lease agreements primarily due to the expiry of the relevant lease agreements.

Our Directors are of the view that, as the leased properties without sufficient and valid ownership certificates or ownership documents or without valid lease agreements are mainly used as offices, and although we may incur additional relocation costs, replacement premises are readily available. As such, the defects will not have a material adverse effect on our business or financial conditions taken as whole.

As at the Latest Practicable Date, among the 39 properties that we leased, 38 of our leased agreements for the use of offices and fitness centres were not filed with the local housing administration authorities as required under the PRC laws and regulations, primarily due to non-cooperation of the relevant lessors and the lack of title certificates. As advised by our PRC Legal Advisers, we might be ordered to rectify the non-filing by the competent authorities and if we fail to rectify within a prescribed period, a penalty of up to RMB10,000 per agreement may be imposed on us as a result of such non-filing. As at 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 register the lease agreements described above. Our PRC Legal Advisers have advised us that our failure to register the lease agreements would not affect the validity of the lease agreements.

For further details, please see "Risk Factors — Our rights to use our properties could be challenged by third parties, or we may be forced to relocate due to title defects or lack of valid lease agreements, or we may be liable for failure to register our leased agreements, which may result in a disruption of our operations and subject us to penalties." in this prospectus.

LICENCES, PERMITS AND CERTIFICATES

Confirmed by our PRC Legal Advisers and according to the confirmations from relevant PRC authorities, save as disclosed in "Business — Legal Proceedings and Compliance — Legal Compliance" for further details, we had obtained and maintain all material licences, permits, certificates and qualifications from relevant PRC authorities for our operations in the PRC and all of them are valid and in force.

Some of our material permits and licences have a limited period of validity. We monitor the validity status of our permits and licences and make timely applications for the renewal of relevant permits and licences prior to their expiration date. We did not experience any material difficulty in obtaining or renewing the required permits and licences for our business operations during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal proceedings

We may from time to time be involved in legal, arbitration or administrative proceedings in the ordinary course of business. As at the Latest Practicable Date, we were not involved in any actual or pending legal or arbitration proceedings that we believe would have a material adverse impact on our financial condition or results of operations. In particular, we were not involved in any material claims or administrative penalties in relation to our Group made or notified either by third parties against us or vice versa.

As at the Latest Practicable Date, our Directors were not aware of any current or pending litigation, claim of arbitration against our Group which could have a material adverse effect on our financial condition or results of operations.

Legal compliance

Save as disclosed below, we are not aware of any material impact non-compliance incident or systemic non-compliance incident in respect of applicable laws and regulations during the Track Record Period and up to the Latest Practicable Date.

Non-compliance incidents	Major causes of non-compliance incidents	Legal consequences, potential maximum penalties and other financial liabilities	Rectification action taken/to be taken (as well as enhanced internal control measures taken)
During the Track Record Period, we failed to make full contributions to the social security fund and/or housing provident fund for some of our employees as required under the PRC laws.	During the Track Record Period, we understood that we had not made sufficient contributions for all our employees. These non-compliance incidents were primarily because some of our employees chose not to be enrolled in the social security fund and/or housing provident fund, and/or make the contribution based on their actual income as they did not want to bear their portion of the contributions. In addition, due to the high turnover rates of our employees, sometimes we failed to make the contribution in a timely manner.	Our PRC Legal Advisers have advised us that, if the competent government authority is of the view that the social security fund contributions we made for our employees do not satisfy the requirements under the relevant PRC laws and regulations, we might be ordered to pay the unpaid amount within a certain period and a late fee that equals to 0.05% of the total unpaid amount per day, failing which we may be subject to a fine ranging from one to three times of the total unpaid amount of the social security fund. Our PRC Legal Advisers have also advised us that, if the competent PRC government authority is of the view that the housing provident fund contributions we made for our employees do not satisfy the requirements under the relevant PRC laws and regulations, it can order us to pay the outstanding balances to the relevant PRC local authority within a prescribed period, failing which it can apply to the People's Court for compulsory enforcement.	Most of our PRC subsidiaries and branch companies with employees obtained written confirmations from the relevant local social security and housing provident fund authorities, each stating that (i) no administrative penalty has been imposed up to the date of the written confirmation; and/or (ii) the relevant PRC subsidiary/branch company was in compliance with the respective laws and regulations. We are advised by our PRC Legal Advisers that the relevant confirmations were issued by the competent PRC government authorities. As at the Latest Practicable Date, 30 of our subsidiaries and branch companies had not yet obtained written confirmations from the relevant local social security authorities and 35 of our subsidiaries and branch companies had not yet obtained written confirmation from the relevant local housing provident fund authorities, primarily due to the fact that they did not have any employees or were newly established. On 5 June 2019, our PRC Legal Advisers conducted face-to-face interview with Nanjing Human Resources and Social Security Bureau (南京人力資源和社會保障局). It was confirmed that Nanjing Human Resources and Social Security Bureau will not take the initiative to require us to make up for any of the outstanding social security fund or impose penalties on us for any of the past non-compliance if no collective complaint from the employees concerned is received. We are advised by our PRC Legal Advisers that the face-to-face interview was conducted with the competent PRC government authority.

Non-compliance incidents	Major causes of non-compliance incidents	Legal consequences, potential maximum penalties and other financial liabilities	Rectification action taken/to be taken (as well as enhanced internal control measures taken)
		For further details relating to risk associated with this non-compliance, please see "We may be required to make additional contributions of social security fund and/or housing provident fund under PRC laws and regulations" in this prospectus.	On 5 June 2019, our PRC Legal Advisers also conducted face-to-face interview with Nanjing Housing Provident Fund Management Centre (南京住房公積金管理中心). It was confirmed that Nanjing Housing Provident Fund Management Centre will not take the initiative to require us to make up for any of the outstanding housing provident fund or impose penalties on us for the past non-compliance if no collective complaint from the employees concerned is received. We are advised by our PRC Legal Advisers that the face-to-face interview was conducted with the competent PRC government authority. According to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Counsel and Stabilisation the Levy of Social Security (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) (the "**Notice**") released by the Ministry of Human Resources and Social Security on 21 September 2018, the relevant authorities are strictly prohibited from taking the initiatives to collectively recover the historical outstanding social security fund from enterprises. Based on the above written confirmation, interviews and the Notice, our PRC Legal Advisers are of the view that (i) in relation to our PRC subsidiaries and branch companies in Nanjing, the risk that the relevant local government authorities will take the initiative to collectively recover the historically unpaid social security fund and/or housing provident fund from us or to impose penalties on us for failing to make contributions to the social security fund and housing provident fund is remote; and (ii) in relation to our PRC subsidiaries and branch companies outside Nanjing, the risk that the relevant local government authorities will take the initiative to collectively recover the historically unpaid social security fund from us is relatively low and we may be ordered by the relevant government authorities to pay the outstanding housing provident fund.

Non-compliance incidents	Major causes of non-compliance incidents	Legal consequences, potential maximum penalties and other financial liabilities	Rectification action taken/to be taken (as well as enhanced internal control measures taken)
			We made provisions in the total amount of RMB1.3 million, RMB1.5 million, RMB3.2 million and RMB1.8 million, respectively, on our financial statements in respect of such potential liabilities in FY2016, FY2017, FY2018 and 4M2019, representing the shortfall of contribution in the respective periods. Our Controlling Shareholders have undertaken to indemnify us for any unpaid amount, penalties, other monetary damages costs and expenses incurred from or in connection with our failure to make contributions to the social security fund and housing provident fund in full amount during the Track Record Period. We have adopted certain enhanced internal control measures to prevent recurrence of the non-compliance incident. These internal control measures include, among others, (i) updating and implementing the internal human resources manual and compliance checklist to ensure strict compliance with the relevant laws and regulations; (ii) reviewing the personal employment records of our employees and work with the finance and accounting department regularly to check the amount of the social security and housing provident fund contributions; and (iii) conducting internal trainings for our Directors, senior management and core employees on the relevant laws and regulations. Based on the foregoing, our Directors are of the view that the incident will not have a material adverse impact on our operations and financial conditions.

Non-compliance incidents	Major causes of non-compliance incidents	Legal consequences, potential maximum penalties and other financial liabilities	Rectification action taken/to be taken (as well as enhanced internal control measures taken)
During the Track Record Period, our Group was engaged in the business of provision of design and building decoration services without the requisite qualifications and work safety licences.	The non-compliance incident was primarily due to the misinterpretation of the relevant qualifications and licence requirements. We were aware of the non-compliance in around June 2019 as informed by our PRC Legal Advisers.	According to the Construction Law of the PRC (《中華人民共和國建築法》), Qualification Standards for Construction Enterprises (《建築企業資質標準》) and Qualification Standards for Engineering Design (《工程設計資質標準》), a contracting unit shall obtain appropriate qualification certificates and undertake construction projects within the scope of its qualification certificates. As advised by our PRC Legal Advisers, a contracting unit in violation of the Construction Law of the PRC may be subject to an order to suspend the construction activities, confiscation of illegal gains and a fine.	Upon realising the non-compliance, we ceased to provide building decoration services since June 2019. As at the Latest Practicable Date, we were in the process of applying to the relevant government authorities for the requisite qualification. Our PRC Legal Advisers have advised us that there will not be any material legal impediment in applying for the requisite qualifications on the condition that we comply with all the requirements stipulated in the PRC laws and regulations and submit all the documents as required by the relevant PRC government authority. As confirmed by our Directors, the relevant government authorities only grant the work safety licence to enterprises with the requisite qualifications. We will commence to apply for the work safety licence immediately after obtaining the requisite qualifications. As advised by our PRC Legal Advisers, there exists a risk that the relevant government authorities will impose fines on us, confiscate illegal gains and impose an order on us to suspend the construction activities. On 21 June 2019, our PRC Legal Advisers conducted face-to-face interview with the Department of Housing and Urban Rural Development of Jiangsu Province (江蘇省住建廳建築市場建管處). It was confirmed that it will not take the initiative to investigate and impose penalties on enterprises engaging in the provision of small-scale building decoration services without the requisite qualifications if no complaint is received by it. We are advised by our PRC Legal Advisers that the face-to-face interview was conducted with the competent PRC government authority. During the Track Record Period, the revenue generated from the provision of building decoration services was approximately RMBnil, RMB11,000, RMB870,000 and RMB198,000, respectively. As confirmed by our Directors, we will not provide design and building decoration services until the requisite qualifications and work safety licence is obtained.

Non-compliance incidents	Major causes of non-compliance incidents	Legal consequences, potential maximum penalties and other financial liabilities	Rectification action taken/to be taken (as well as enhanced internal control measures taken)
		According to the Administrative Provisions on the Work Safety License of Construction Enterprises (《建築施工企業安全生產許可證管理規定》), a construction enterprise is not permitted to commence any construction activities before being granted a work safety licence. As advised by our PRC Legal Advisers, an enterprise engaging in construction without a work safety licence in violation of the Administrative Provisions on the Work Safety License of Construction Enterprises may be subject to an order of suspension of construction and confiscation of illegal gains, and a fine ranging from RMB100,000 to RMB500,000.	Our Controlling Shareholders have undertaken to indemnify us for any unpaid amount, penalties other monetary damages costs and expenses incurred from or in connection with our business of provision of design and building decoration services without the requisite qualifications and work safety licences. To ensure our Group will obtain all necessary approvals and permits, we have adopted the following measures: (i) we have assigned an administrator to monitor and maintain all qualifications, licences and permits and check their validity periodically; (ii) our legal and internal audit department consults our external counsel to understand whether we are at risk of non-compliance with the relevant laws and regulations; (iii) on a semi-annually basis, our legal and internal audit department is responsible for reporting the status of compliance on the qualifications, licences and permits; and (iv) we also provide ongoing trainings to our Directors, senior management and core employees on the relevant laws and regulations. Based on the foregoing, our Directors are of the view that the incident will not have a material adverse impact on our operations and financial conditions.

Non-compliance incidents	Major causes of non-compliance incidents	Legal consequences, potential maximum penalties and other financial liabilities	Rectification action taken/to be taken (as well as enhanced internal control measures taken)
Yincheng Fitness did not possess the requisite public assembly venue fire safety inspection approval before 23 July 2019 for one fitness room with a GFA of less than 300 sq.m. (the "**Relevant Fitness Room**"), which commenced operation in June 2018.	The non-compliance was primarily due to (i) our Group's misunderstanding of the relevant laws and regulations on whether fitness centres with a GFA of less than 300 sq.m. fall within the scope of "public assembly venue" and are subject to the fire safety requirements; and (ii) the lack of professional legal advice at the material time. We were aware of the non-compliance in around June 2019 as informed by our PRC Legal Advisers.	According to the Fire Protection Law of the PRC (《中華人民共和國消防法》)and the Regulations Concerning Supervision and Inspection on Fire Safety (《消防監督檢查規定(公安部令第73號》), a construction entity or an operating unit of a public assembly venue is required to pass the fire safety inspection before putting the venue in use or for business operation. As advised by the PRC Legal Advisers, (i) the fitness centres (including both fitness clubs (健身會館) and fitness rooms (健身房) operated by Yincheng Fitness fall within the scope of "public assembly venue"; and (ii) an entity failing to pass the fire safety inspection or to meet the fire safety requirements may be subject to orders to suspend the construction of a venue, use and business operation and a fine of between RMB30,000 and RMB300,000.	Realising the misinterpretation as clarified by the PRC Legal Advisers, our Group has terminated the operation of the Relevant Fitness Room since June 2019 and has been making arrangements with our customers on the termination of the agreements in relation to the fitness services provided in the Relevant Fitness Room. Yincheng Fitness had obtained the requisite public assembly venue fire safety inspection approval for the Relevant Fitness Room on 23 July 2019. As Yincheng Fitness had obtained the requisite public assembly fire safety inspection approval, our Group re-commenced the operation of the Relevant Fitness Room at the end of July 2019. The PRC Legal Advisers are of the view that the risk of our Group being imposed administrative penalty is relatively low as (i) our Group has taken remedial measures by terminating the operation of the Relevant Fitness Room; and (ii) Yincheng Fitness obtained the requisite public assembly venue fire safety inspection approval on 23 July 2019. As at the Latest Practicable Date, our Group had not received any notice from any regulatory authority with respect to potential administrative penalties as a result of this non-compliance incident. Our Group has adopted the following measures to minimise the recurrence of similar non-compliance incident: (i) our Group has assigned an administrator to monitor and maintain qualifications, licences and permits and check their validity periodically; (ii) our Group's legal and internal audit department consults the external counsel to understand whether it is at risk of non-compliance with the relevant laws and regulations; (iii) on a semi-annually basis, our Group's legal and internal audit department is responsible for reporting the status of compliance on the qualifications, licences and permits; and (iv) our Group will arrange ongoing trainings to our Directors, senior management and core employees of our Group on the relevant laws and regulations.

Having considered the facts and circumstances leading to the non-compliance incidents as disclosed in this section and our Group's enhanced internal control measures to minimise the recurrence of the non-compliance incidents, our Directors are of the view, and the Sole Sponsor concurs that (i) we have adequate and effective internal control procedures in place in accordance with the requirements under the Listing Rules; and (ii) the past non-compliance incidents will not affect the suitability of our Directors to act as directors of a listed issuer under Rules 3.08, 3.09 and 8.15 of the Listing Rules, and the suitability for listing of our Company under Rule 8.04 of the Listing Rules.

INTERNAL CONTROL AND RISK MANAGEMENT

It is the responsibility of our Board to oversee and ensure that we maintain sound and effective internal control and risk management systems to safeguard our Shareholders' investment and our assets at all times.

In preparation for the Listing, we engaged an external internal control consultant to carry out a review of our internal control in April 2019 which covers (i) business process controls and corporate controls over financial closing and reporting, sales, purchases and general information technology controls; and (ii) a report to us on factual findings and recommendations for improvements of internal controls over the above-mentioned processes and procedures. The key findings of deficiency in our internal control system as identified by our internal control consultant are as follows:

(a) have not yet established codes, policies, procedures or systems required for a listed issuer on the Stock Exchange for the purpose of compliance with the Listing Rules such as code for securities transactions by directors of listed issuers;

(b) the current monitoring and evaluation system for internal control requires further improvement;

(c) failed to establish a systemic risk assessment and management system;

(d) failed to make full contributions to the social security fund and housing provident fund for our employees as required under the PRC laws; and

(e) failed to segregate responsibilities for financial management.

Our internal control consultant recommended various rectification and improvement measures in our internal control system based on its findings, including (a) establishing management related policies and systems for the purpose of compliance with the Listing Rules in due course; (b) establishing management related policies and systems for the purpose of compliance with the relevant PRC laws in relation to social security fund and housing provident fund; and (c) segregating responsibilities for financial management. Accordingly, we implemented rectification and improvement measures in response to these findings and recommendations. Our internal control consultant has also completed procedures to follow up on the actions we took in relation to our internal control system in June 2019. Other than the rectification of governance structure (which is expected to be completed before Listing), we have adopted other recommendations in full.

We face various market risks. For further details, please see "Risk Factors" in this prospectus. In order to face these challenges, we maintain a set of risk management and internal control policies and measures to identify, evaluate and manage risks arising from our operations. The major features of our risks management and internal control policies including the following:

- we have adopted stringent quality control and supervision measures and procedures to prevent risks. For further details, please see "Quality Control" in this section;

- our human resources and administration department is responsible for monitoring the compliance with our internal rules and manuals by our employees to ensure that we comply with the relevant regulatory requirements and applicable laws, so as to reduce our legal risks;

- we have put in place internal procedures for handling complaints from customers;

- we have established a selection and monitoring policy in relation to the subcontractors engaged by us, including the selection criteria and the review systems to deal with any complaints or negligence with regards to the subcontractors; and

- we have established the Audit Committee consisting of all of our independent non-executive Directors as part of our measures to improve risk management and corporate governance. The primary duties of the Audit Committee are to provide our Directors with an independent review of the effectiveness of our financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by our Directors.

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising two executive Directors, four non-executive Directors and three independent non-executive Directors. The powers and duties of our Board include determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. We have entered into service contracts with each of our executive Directors. We have also entered into letters of appointment with each of our non-executive Directors and independent non-executive Directors.

The table below shows certain information in respect of our Directors[1]:

Name	Age	Date of joining our Group	Principal Position	Appointment Date as a Director	Responsibilities
Executive Directors					
Li Chunling (李春玲)	43	February 2014	Executive Director and president	13 June 2019	Responsible for the overall strategic decision, business planning, and daily management and operation of our Group
Huang Xuemei (黃雪梅)	51	December 2004	Executive Director and vice president	13 June 2019	Responsible for the overall administration, procurement and audit supervision and the public building department of our Group

1 None of our Directors is personally related to any other Directors, senior management, Substantial Shareholders or Controlling Shareholders of our Group.

Name	Age	Date of joining our Group	Principal Position	Appointment Date as a Director	Responsibilities
Non-executive Directors					
Huang Qingping (黃清平)	56	September 1992	Non-executive Director	3 April 2019	Responsible for the provision of guidance for the overall development of our Group
Xie Chenguang (謝晨光)	57	December 1998	Chairman and non-executive Director	13 June 2019	Responsible for the formulation and provision of guidance and development strategies for the overall development of our Group
Ma Baohua (馬保華)	58	February 2004	Non-executive Director	13 June 2019	Responsible for the provision of guidance for the overall development of our Group
Zhu Li (朱力)	46	July 1995	Non-executive Director	13 June 2019	Responsible for the provision of guidance for the overall development of our Group
Independent non-executive Directors					
Chow Siu Hang (周兆恒)	43	15 October 2019	Independent non-executive Director	15 October 2019	Responsible for the provision of independent advice to our Board
Li Yougen (李友根)	52	15 October 2019	Independent non-executive Director	15 October 2019	Responsible for the provision of independent advice to our Board
Mao Ning (茅寧)	64	15 October 2019	Independent non-executive Director	15 October 2019	Responsible for the provision of independent advice to our Board

Executive Directors

Mr. Li Chunling (李春玲), aged 43, is our executive Director and our president. Mr. Li joined our Group in February 2014. Mr. Li is primarily responsible for the overall strategic decision, business planning and daily management and operation of our Group. He was appointed as our Director on 13 June 2019 and was re-designated as our executive Director on 18 June 2019.

Mr. Li has more than 23 years of experience in the hotel and real estate industry in the PRC. Prior to joining our Group, Mr. Li worked as a supervisor of Nanjing International Conference Hotel (南京國際會議大酒店) from January 1996 to November 2001, primarily responsible for assisting in the daily management of the front office. From November 2001 to October 2002, he worked as a manager of Nanjing Changfa Alliance Property Co., Ltd.* (南京長發聯合置業有限公司) where he was primarily responsible for the daily operational management of properties. In between October 2002 and October 2007, Mr. Li was a director of Nanjing Jinying International Group Property Management Co., Ltd.* (南京金鷹國際集團物業管理有限公司) and was mainly responsible for property management of properties in urban districts. From October 2007 to February 2014, he was a assistant general manager of Nanjing Vanke Property Management Company Limited (南京萬科物業管理有限公司), a subsidiary of China Vanke Co., Ltd.* (萬科企業股份有限公司) which is listed on the Stock Exchange (stock code: 2202), and was primarily responsible for the management and operations of the engineering management department.

Mr. Li received his bachelor's degree in law from the Renmin University of China (中國人民大學) in the PRC (which was a long distance learning course) in September 2008, and his Executive Master of Business Administration (EMBA) degree from China Europe International Business School (中歐國際工商學院) in the PRC in November 2018. He has obtained professional qualification as a certified property manager from the Ministry of Housing and Urban-Rural Development of the PRC* (中華人民共和國住房和城鄉建設部) since February 2014. He was also granted the award of Model Worker of Nanjing (南京市勞動模範) by the Nanjing Municipal People's Government of the PRC in 2006.

Mr. Li was a former director of Nanjing Jinghe, a company established in the PRC which engages in the sales of agriculture products which was in the process of deregistration as at the Latest Practicable Date.

Ms. Huang Xuemei (黃雪梅), aged 51, is our executive Director and our vice president. Ms. Huang joined our Group in December 2004. Ms. Huang is primarily responsible for the overall administration, procurement and audit supervision and the public building department of our Group. She was appointed as our Director on 13 June 2019 and was re-designated as our executive Director on 18 June 2019.

Ms. Huang has more than 29 years of experience in financial management and accounting. Prior to joining our Group, she was a finance manager of Nanjing Zhenxing Industrial Co., Ltd.* (南京振興實業有限公司) in between December 1990 to November 2004, primarily responsible for overseeing the financial management and affairs of the company.

Ms. Huang received her diploma in business administration under the Jiangsu Province Higher Education Self-study Examination* (江蘇省高等教育自學考試經濟管理專業) from the Nanjing University in the PRC in June 1989. She also completed her Executive Master of Business Administration (EMBA) course in Nanjing University Business School (南京大學商學院) in the PRC in October 2018. She has obtained her qualification as an intermediate accountant from the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in May 1999.

Non-Executive Directors

Mr. Huang Qingping (黃清平), aged 56, is our non-executive Director. Mr. Huang is primarily responsible for the provision of guidance for the overall development of our Group. Mr. Huang joined us in September 1992. He was appointed as our Director on 3 April 2019 and was re-designated as our non-executive Director on 18 June 2019. Mr. Huang is currently also the chairman and a non-executive director of Yincheng International, a company listed on the Main Board (stock code: 1902).

Mr. Huang has over 25 years' of experience in the real estate industry in the PRC. Before joining our Group, Mr. Huang was the section chief at Gulou District Urban Construction Bureau* (南京市鼓樓區城建局, currently known as 南京市鼓樓區建設房產和交通局), from October 1983 to September 1992, responsible for urban planning.

Mr. Huang obtained his diploma in industrial and civil engineering from Nanjing Jinling Vocational University* (南京金陵職業大學) in the PRC in August 1983.

Mr. Huang was a director of the following companies, which were voluntarily wound up or struck off with details as follows:

Name of Company	Place of incorporation	Principal business activity immediately before being voluntarily wound up or being struck off	Voluntarily wound up or being struck off
Nanjing Yincheng Advertising Company Limited* (南京銀城廣告有限公司)	PRC	A company principally engaged in the provision of advertising services	Voluntarily wound up on 20 December 2004
Nanjing Tiance Property Consulting Company Limited* (南京天策房地產置業顧問有限公司)	PRC	A company principally engaged in the provision of property consulting services	Voluntarily wound up on 17 May 2004
Nanjing Yashi Decorative Engineering Company Limited* (南京雅室裝飾工程有限公司)	PRC	A company principally engaged in the provision of architectural and construction services	Voluntarily wound up on 22 September 2006

Mr. Huang has confirmed that during the course of the voluntary winding up of the above companies, there was no allegation of fraud or other impropriety, judgment debt or disqualification order made against him.

Mr. Xie Chenguang (謝晨光), aged 57, is our chairman and non-executive Director. Mr. Xie joined our Group in December 1998. Mr. Xie is primarily responsible for the formulation and provision of guidance and development strategies for the overall development of our Group. He was appointed as our Director on 13 June 2019 and was re-designated as our non-executive Director on 18 June 2019. He is also the chairman of our nomination committee and a member of our audit committee and remuneration committee. Mr. Xie is currently also a non-executive director of Yincheng International, a company listed on the Main Board (stock code: 1902).

Mr. Xie has more than 34 years of experience in the engineering and real estate industry in the PRC. Prior to joining our Group, Mr. Xie worked several positions, including vice general engineer and chief of the technical department at Nanjing Sanjian (Group) Company* (南京三建（集團）公司, currently known as 南京建工集團有限公司) from October 1983 until November 1998, responsible for construction project management. He was chief of the technical department when he left to join our Group.

Mr. Xie obtained a diploma in industrial and civil engineering from Nanjing Jinling Vocational University (南京金陵職業大學) in the PRC in August 1983. He received a bachelor's degree in construction project management from Southeast University (東南大學) in the PRC in July 1998, and his Executive Master of Business Administration (EMBA) degree from China Europe International Business School (中歐國際工商學院) in the PRC in September 2007. Mr. Xie obtained professional qualification as a senior engineer in May 2012.

Mr. Xie was a director of the following companies, which were voluntarily wound up or struck off with details as follows:

Name of Company	Place of incorporation	Principal business activity immediately before being voluntarily wound up or being struck off	Voluntarily wound up or being struck off
Jiangsu Yincheng Fitting Company Limited* (江蘇銀城體育健身有限公司)	PRC	A company principally engaged in the provision of business services	Voluntarily wound up on 28 November 2012
Nanjing Yin'an Decorative Engineering Company Limited* (南京銀安裝飾工程有限公司)	PRC	A company principally engaged in the provision of architectural and construction services	Voluntarily wound up on 10 August 2016
Nanjing Yuangu Information Technology Company Limited* (南京原穀資訊科技有限公司)	PRC	A company principally engaged in the provision of software and information technology services	Voluntarily wound up on 22 May 2018

Mr. Xie has confirmed that during the course of the voluntary winding up of the above companies, there was no allegation of fraud or other impropriety, judgment debt or disqualification order made against him.

Mr. Xie was also a former director of Nanjing Jinghe, a company established in the PRC which engages in the sales of agriculture products which was in the process of deregistration as at the Latest Practicable Date.

Mr. Ma Baohua (馬保華), aged 58, is our non-executive Director. Mr. Ma is primarily responsible for the provision of guidance for the overall development of our Group. Mr. Ma joined us in February 2004. He was appointed as our Director on 13 June 2019 and was re-designated as our non-executive Director on 18 June 2019. Mr. Ma is currently also the president and an executive director of Yincheng International, a company listed on the Main Board (stock code: 1902).

Mr. Ma has over 34 years of experience in the real estate or real estate-related industry in the PRC. Prior to joining our Group, he worked from March 1986 until he joined us in February 2004 at Nanjing Urban Planning Bureau* (南京市規劃局), and was deputy director of the General Management Department when he left to join our Group, responsible for plan implementation management work. Prior to that, Mr. Ma worked at the Gulou District Urban Construction Bureau* (南京市鼓樓區城建局, currently known as 南京市鼓樓區建設房產和交通局) from October 1983 to March 1986, responsible for urban planning.

Mr. Ma received his diploma in industrial and civil engineering from Jinling Vocational University (金陵職業大學) in the PRC in August 1983. He then obtained his bachelor's degree in urban and rural planning and land management from Nanjing University in the PRC in July 2001, and his Executive Master of Business Administration (EMBA) degree from China Europe International Business School (中歐國際工商學院) in the PRC in September 2007. He has obtained professional qualification as a registered urban planner since May 2001. In 2017, Mr. Ma was recognised as one of the top 100 property managers co-awarded by Sina Finance, Leju, China Real Estate Association, Shanghai Securities News and China Entrepreneur Magazine.

Mr. Ma was a director of the following company, which was voluntarily wound up with details as follows:

Name of Company	Place of incorporation	Principal business activity immediately before being voluntarily wound up or being struck off	Voluntarily wound up or being struck off
Jiangsu Tianye Real Estate Development Company Limited* (江蘇天業房地產開發有限公司)	PRC	A company principally engaged in real estate development	Voluntarily wound up on 7 January 2013

Mr. Ma has confirmed that during the course of the voluntary winding up of the above company, there was no allegation of fraud or other impropriety, judgment debt or disqualification order made against him.

Mr. Zhu Li (朱力), aged 46, is our non-executive Director. Mr. Zhu is primarily responsible for the provision of guidance for the overall development of our Group. Mr. Zhu joined us in July 1995. He was appointed as our Director on 13 June 2019 and was re-designated as our non-executive Director on 18 June 2019. Mr. Zhu is currently also the vice president and an executive director of Yincheng International, a company listed on the Main Board (stock code: 1902). Mr. Zhu has over 22 years of experience in the real estate industry in the PRC.

Mr. Zhu obtained a bachelor's degree in construction engineering from Southeast University (東南大學) in the PRC in July 1999. Mr. Zhu received his Executive Master of Business Administration (EMBA) degree from China Europe International Business School (中歐國際工商學院) in the PRC in September 2010.

Mr. Zhu was the supervisor of the following company, which was voluntarily wound-up with details as follows:

Name of Company	Place of incorporation	Principal business activity immediately before being voluntarily wound up or being struck off	Voluntarily wound up or being struck off
Nanjing Kangzheng Technology Company Limited* (南京康正科技有限公司)	PRC	A company principally engaged in the wholesale business	Voluntarily wound up on 25 April 2011

Mr. Zhu has confirmed that during the course of the voluntary winding up of the above company, there was no allegation of fraud or other impropriety, judgment debt or disqualification order made against him.

Independent non-executive Directors

Mr. Chow Siu Hang (**周兆恒**), aged 43, was appointed as our independent non-executive Director on 15 October 2019. He is also the chairman of our audit committee and a member of our remuneration committee and nomination committee. Mr. Chow has over 12 years of experience in the investment banking and financial auditing field. Since April 2018, Mr. Chow has been the managing director of Essence Corporate Finance (Hong Kong) Limited. Prior to that, he held senior management positions in various listed financial institutions with details set out as follows:

Name of company	Period of service	Last position	Role and responsibilities
Haitong International Securities Group Limited	January 2006 to September 2007	Assistant manager of corporate finance	Advise on corporate finance (in particular type 6 regulated activities under the SFO)
BOCI Asia Limited	September 2007 to September 2011	Associate director of corporate finance	Advise on corporate finance (in particular type 6 regulated activities under the SFO)
BOCOM International Holdings Company Limited	September 2011 to August 2016	Executive director of investment banking	Advise on corporate finance (in particular type 6 regulated activities under the SFO)
CEB International Investment Corporation Limited	August 2016 to December 2016	Managing director and head of corporate finance	Advise on corporate finance (in particular type 6 regulated activities under the SFO)
Celestial Capital Limited	December 2016 and February 2018	Managing director and head of investment banking	Advise on corporate finance (in particular type 6 regulated activities under the SFO)

Mr. Chow has been admitted as a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants since April 2002 and January 2007 respectively. He is also currently a responsible officer and principal registered as a licensee of type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities of the SFC.

Mr Chow received a bachelor's degree in accountancy from the City University of Hong Kong in November 1998.

Since June 2018, Mr. Chow has been an independent non-executive director of Ziyuanyuan Holdings Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8223) which principally engages in provision of equipment-based finance leasing services to small and medium-sized enterprises customers in the printing, logistics and medical device industries in the PRC.

Save as disclosed above, Mr. Chow does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Li Yougen (李友根), aged 52, was appointed as our independent non-executive Director on 15 October 2019. He is also a member of our remuneration committee and nomination committee.

Mr. Li has over 28 years of experience in teaching PRC law in China. From March 1990 to March 1992, he was a teaching assistant at the department of law at Nanjing University, responsible for teaching and researching of PRC law. He was a lecturer at the same department at Nanjing University from March 1992 to June 1997, and was promoted as an associate professor in May 1997. In May 2004, he was further promoted as a professor of law at Nanjing University.

Mr. Li obtained a bachelor of laws degree from Nanjing University in July 1987. He also obtained a master degree in laws from Nanjing University in April 1990. In July 2002, he obtained a PhD degree in Economic Law from the Renmin University of China.

From December 2012 to December 2018, Mr. Li was an independent non-executive director of Jiangsu Nongken Agricultural Development Co. Ltd.* (江蘇省農墾農業發展股份有限公司), a company that is listed on the Shanghai Stock Exchange (stock code: 601952) which principally engages in the agricultural and grain production business. Since May 2016, he has been an independent non-executive director of Nanjing Quanxin Cable Technology Co. Ltd., a company that is listed on the Shenzhen Stock Exchange (stock code: 300447) which principally engages in the development and production of military lighting and electric transmission products. Since June 2016, he has also been an independent non-executive director of Luculent Smart Technologies Co., Ltd., a company that principally engages in intelligence construction. Save as disclosed above, Mr. Li does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Mao Ning (茅寧), aged 64, was appointed as our independent non-executive Director on 15 October 2019. He is also the chairman of our remuneration committee and a member of our audit committee and nomination committee.

Mr. Mao has over 34 years of experience in teaching management science in China. From July 1984 to July 1988, he was a lecturer at the National University of Defense Technology. He then joined Nanjing University as a lecturer in January 1989, and was promoted as a professor in March 1998.

Mr. Mao obtained his bachelor degree in engineering (automatic control systems) from the National University of Defense Technology in January 1982. In July 1984, he obtained a master degree in engineering (automatic control systems) from the National University of Defense Technology. He also obtained a PhD degree in engineering from Nanjing University in December 1988.

Mr. Mao was and/or has been an independent non-executive director of the companies with details set out below:

Name of company	Type of company	Principal business activities of the company	Period of service
EleFirst Science & Technology Co. Ltd.	Listed on the Shenzhen Stock Exchange (stock code: 300356)	Development and production of electric equipment and instruments	May 2015 to March 2019
Nanjing Gaoke Co. Ltd.	Listed on the Shanghai Stock Exchange (stock code: 600064)	Investment and development of the high-tech industry, development and sales of commercial housing, property management, firepower, electricity and steam supply	November 2009 to December 2016
CTS International Logistics Corp Ltd	Listed on the Shanghai Stock Exchange (stock code: 603128)	Cross-border logistics services	Since April 2015
Nanjing Chixia Development Co., Ltd	Listed on the Shanghai Stock Exchange (stock code: 600533)	Development of local residential areas	Since October 2015
Jinling Hotel Corp Ltd	Listed on the Shanghai Stock Exchange (stock code: 601007)	Hotel management	Since January 2015

Save as disclosed above, Mr. Mao does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Disclosure required under Rule 13.51(2) of the Listing Rules

Save as disclosed above, none of our Directors has been involved in any of the events described under Rule 13.51(2)(h) to (v) of the Listing Rules and none of our Directors has been a director of other listed entities for the three years immediately preceding the date of this prospectus.

SENIOR MANAGEMENT

Ms. Yin Xiaoli (殷曉黎), aged 39, is our Group's vice president and is in charge of our operation management centre and our residential property affairs department. Ms. Yin joined our Group in July 2002 and was appointed as our vice president subsequently. She has over 16 years of experience in the real estate industry in the PRC.

Ms. Yin received her bachelor's degree in information management from the School of Government of Nanjing University (南京大學公共管理學院) in the PRC in July 2002. She has obtained her professional qualification as a corporate human resources manager (Grade 2) (企業人力資源管理師(二級)) from the Ministry of Human Resources and Social Security (人力資源和社會保障部) of the PRC in July 2012. She was obtained her qualification as a security (Grade 3) from the Jiangsu Human Resources and Social Security Department* (江蘇省人力資源和社會保障廳) of the PRC in December 2016.

Ms. Fan Xingxia (范興霞), aged 40, is our Group's vice president and is in charge of our residential property affairs department. Ms. Fan joined our Group in August 2003 and was appointed as our vice president subsequently. She has over 15 years of experience in the real estate industry in the PRC.

Ms. Fan received her diploma in administration management from the Southwest University of Science and Technology (西南科技大學) in the PRC (which was a long distance learning course) in July 2013. She has obtained her professional qualification as property manager from the Ministry of Human Resources and Social Security Department* (人力資源和社會保障部) of the PRC in September 2011.

Mr. Jiang Zubai (蔣祖柏), aged 34, is our Group's vice president and is in charge of human resources in our sharing centre and our Sunan property affairs department. Mr. Jiang joined our Group in April 2018 and was appointed as our vice president subsequently. He has over 10 years of experience in human resources and in the real estate industry in the PRC. Prior to joining our Group, Mr. Jiang worked as a training specialist in Suzhou Engma Human Resources Co., Ltd.* (蘇州英格瑪人力資源有限公司) from March 2009 to March 2010. In between March 2010 and March 2018, he first served as the human resources manager then later served as the vice general manager of Sunan Vanke Property Services Co., Ltd.* (蘇南萬科物業服務有限公司).

Mr. Jiang received his diploma in human resources management from the Guangxi Guilin Aerospace School* (廣西桂林航天工業高等專科學校) in the PRC in June 2009, and his bachelor's degree in human resources under the Jiangxi Province Higher Education Self-study Examination (江西省高等教育自學考試人力資源管理專業) from the Jiangxi University of Technology (江西科技學院) in the PRC in December 2014. He obtained his professional qualification as a corporate human resources manager (Grade 1) (企業人力資源管理師(一級)) from the Ministry of Human Resources and Social Security (人力資源和社會保障部) of the PRC in December 2017.

Mr. Wu Jianwei (吳建偉), aged 30, is our Group's financial controller and is responsible for the overall financial management of our Group. Mr. Wu joined our Group in August 2016 and was appointed as our financial controller subsequently. Prior to joining our Group, Mr. Wu worked as the chief of investment budget in Suning Real Estate Co., Ltd.* (蘇寧置業集團股份有限公司) from July 2014 to August 2016.

Mr. Wu received his bachelor's degree in public finance from the Anhui University (安徽大學) in the PRC in July 2011, and his master degree in taxation from the Anhui University of Finance & Economics (安徽財經大學) in the PRC in June 2014. He obtained his professional qualification as a registered tax professional from the Ministry of Human Resources and Social Security (人力資源和社會保障部) and the State Administration of Taxation (國家稅務總局) of the PRC in December 2014.

COMPANY SECRETARY

Mr. Yim Lok Kwan (嚴洛鈞) was appointed as our company secretary on 13 June 2019.

Mr. Yim is a manager of SWCS Corporate Services Group (Hong Kong) Limited and has over six years of experience in the corporate services field. He is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. In addition, he holds a bachelor's degree in accounting and a master's degree in corporate governance.

BOARD COMMITTEES

Audit Committee

We established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as may be assigned by our Board.

The audit committee has three members comprising Mr. Chow Siu Hang, Mr. Mao Ning and Mr. Xie Chenguang, of whom Mr. Chow Siu Hang has been appointed as the chairman of the audit committee.

Remuneration Committee

We established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to our Directors regarding our policy and structure for the remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of our Directors and senior management; and (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

The remuneration committee has three members comprising Mr. Mao Ning, Mr. Xie Chenguang and Mr. Li Yougen, of whom Mr. Mao Ning has been appointed as the chairman of the remuneration committee.

Nomination Committee

We 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 function of the nomination committee is to review the structure, size and composition of our Board on a regular basis and to make recommendations to our Board regarding any proposed changes to the composition of our Board.

The nomination committee has three members comprising Mr. Xie Chenguang, Mr. Mao Ning and Mr. Li Yougen, of whom Mr. Xie Chenguang has been appointed as the chairman of the nomination committee.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation from our Company in the form of fees, salaries, allowances and benefits in kind, bonuses and pension scheme contribution and social welfare.

For FY2016, FY2017 and FY2018 and 4M2019, the total remuneration (including fees, salaries, allowances and benefits in kind, performance-related bonuses, pension scheme contributions and social welfare) paid by us to our Directors amounted to approximately RMB1.5 million, RMB2.2 million and RMB1.8 million and RMB0.4 million respectively.

Save as disclosed, none of our Directors received any fees or emoluments in respect of their services to our Group during the Track Record Period.

The total remuneration (including fee, salaries, allowances and benefits in kind, performance-related bonuses, pension scheme contributions and social welfare) paid to the five highest paid individuals of our Group for FY2016, FY2017 and FY2018 and 4M2019 amounted to approximately RMB3.6 million, RMB4.6 million, RMB3.5 million and RMB0.8 million respectively.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the three years ended 31 December 2018 and the four months ended 30 April 2019. Further, none of our Directors has waived or agreed to waive any remuneration during the same periods.

Under our arrangements currently in force, the aggregate remuneration (including fees, salaries, allowances and benefits in kind, performance-related bonuses, pension scheme contributions and social welfare) of our Directors for the year ending 31 December 2019 is estimated to be approximately RMB2.1 million.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of director fees, salaries, allowances and benefits in kind, performance-related bonuses, pension scheme contributions and social welfare. Our Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of our Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of our Board that are relevant to our business growth. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our nomination committee is responsible for ensuring the diversity of our Board. After the Listing, our nomination committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

COMPLIANCE ADVISER

We will appoint Anglo Chinese Corporate Finance, Limited as our compliance adviser in accordance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we will consult with and, if necessary, seek advice from the compliance adviser in the following circumstances:

(i) in relation to the publication of any regulatory announcement, circular or financial report;

(ii) in relation to a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues or share repurchase;

(iii) where we propose to use the net proceeds from the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry to our Company concerning unusual movements in the price and trading volume of our shares and/or any other matters under Rule 13.10 of the Listing Rules.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

CORPORATE GOVERNANCE

Our Board, as a whole, will perform the corporate governance functions in accordance with provision D.3 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules and has adopted written terms of reference in accordance with provision D.2 of the Corporate Governance Code.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised), Mr. Huang, Silver Huang and Silver Wutong will together form a group of Controlling Shareholders within the meaning of the Listing Rules and together control approximately 40.91% of the entire issued share capital of our Company. Silver Huang and Silver Wutong are investment holding companies and have not commenced any substantive business activities since their respective incorporation and up to the Latest Practicable Date. Mr. Huang will indirectly through Silver Huang and Silver Wutong hold approximately 40.91% interests, and Silver Huang will directly hold approximately 36.04% interests and Silver Wutong will directly hold approximately 4.87% interests, in our Company, respectively.

INTERESTS OF CONTROLLING SHAREHOLDERS AND THEIR CLOSE ASSOCIATES IN OTHER BUSINESSES

Our Group is an established property management service provider in the PRC which provides diversified property management services and community value-added services.

While our Controlling Shareholders and their respective close associates had been conducting other businesses or holding interests directly or indirectly in certain companies (other than our Group) during the Track Record Period and up to the Latest Practicable Date, namely (i) the Yincheng International Holding Group; and (ii) the Yincheng Real Estate Group, none of the Controlling Shareholders nor any of their respective close associates had, as at the Latest Practicable Date, any interest in any business which competes or may compete, directly or indirectly, with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

Yincheng International Holding Group

As at the Latest Practicable Date, Mr. Huang (through Silver Huang and another investment holding company) was indirectly interested in approximately 37.26% of the entire issued share capital of Yincheng International. Details of Yincheng International and its subsidiaries (i.e. the Yincheng International Holding Group) are set out in the paragraphs below.

Yincheng International is an exempted company incorporated in the Cayman Islands with limited liability on 8 January 2018 and the shares of which are listed on the Main Board (stock code: 1902). The Yincheng International Holding Group is a property developer in the PRC focusing on developing residential properties in the Yangtze River Delta Megalopolis. Its main business operations include (i) the development and sale of residential and commercial properties; and (ii) the leasing of investment properties owned and developed by it. The property development projects of the Yincheng International Holding Group are mainly (i) owned and developed by it; or (ii) developed by cooperating with third-party property developers through its joint ventures and associates.

During the Track Record Period, we did not engage in any property development and/or property leasing businesses and we do not intend to conduct such businesses in the future. Instead of developing or leasing of properties, we primarily focus on providing property management services and community value-added services. As opposed to the Yincheng International Holding Group which generates revenue primarily through receiving (i) purchase price from the purchasers of the properties developed by it; or (ii) rental income from tenants of its investment properties, our Group mainly receives property management fees and/or commission from property developers, property owners' associations and owners or residents of our managed properties.

Given that the respective core businesses of our Group and the Yincheng International Holding Group are distinctly different, our Directors are of the view that there is a clear delineation between our business and the business of the Yincheng International Holding Group. As such, our Directors believe that none of the business of the Yincheng International Holding Group competes or is likely to compete, either directly or indirectly, with the businesses of our Group.

As (i) the businesses of the Yincheng International Holding Group are not within the business scope of our Group nor in line with our business strategies; (ii) the Yincheng International Holding Group has already been listed on the Main Board of the Stock Exchange since 6 March 2019; and (iii) we currently do not intend to engage in any of the businesses of the Yincheng International Holding Group, we consider it is not in the best interests of our Company and our Shareholders as a whole to include any of the companies or businesses of the Yincheng International Holding Group into our Group. Our Controlling Shareholders also confirmed that they have no intention to inject any companies or businesses of the Yincheng International Holding Group into our Group in the near future.

Yincheng Real Estate Group

As at the Latest Practicable Date, Mr. Huang (directly and through a wholly-owned company established in the PRC) was interested in approximately 53.11% of the registered capital of Yincheng Real Estate. Details of Yincheng Real Estate and its subsidiaries (excluding any member of our Group) (i.e. the Yincheng Real Estate Group) are set out in the paragraphs below.

Yincheng Real Estate is a joint stock company established in the PRC. The Yincheng Real Estate Group principally engages in the following business operations:

(i) *Elderly care homes* — certain members of the Yincheng Real Estate Group engage in the provision of elderly care services, such as residential care and nursing for the elderly and include comprehensive elderly community services, elderly care institutions and community home care service centres;

(ii) *Provision of long-term apartments rental services* — certain members of the Yincheng Real Estate Group engage in the provision of a variety of long-term apartments rental services in various locations with a focus on quality of life and facilities;

(iii) *Hotel operations* — certain members of the Yincheng Real Estate Group engages in the provision of hotel accommodation, conference facilities and catering services, and the management of Crowne Plaza Nanjing Jiangning (南京銀城皇冠假日酒店) which is located in Jiangning District, Nanjing;

(iv) *Rental services* — certain members of the Yincheng Real Estate Group engages in the provision of rental services of office buildings and vehicles; and

(v) *Sales and marketing of real estate properties* — certain members of the Yincheng Real Estate Group engage in the provision of marketing and sales services, such as event promotion, to the on-site sales offices of our Group.

During the Track Record Period, we did not engage in any of the abovementioned businesses and we do not intend to conduct such businesses in the future. Instead of providing elderly care services and rental services and engaging in the operations of long-term rental apartments, hotel operations and sales and marketing of real estate properties, we primarily focus on provision of property management services and community value-added services.

With regard to the provision of long-term apartments rental services by the Yincheng Real Estate Group, the Yincheng Real Estate Group primarily leases apartments to tenants on long term basis and receive rental income directly from the relevant tenants. The Yincheng Real Estate Group would not provide any property management services or community value-added services and hence would not receive any property management fees and/or commission from property developers, property owners' associations and owners or residents of the properties. As such, the business of provision of long-term apartments rental services by the Yincheng Real Estate Group is distinctly different from our Group's business operations, in particular in terms of the business nature, services one provides and revenue sources.

Given that the respective core businesses of our Group and the Yincheng Real Estate Group are distinctly different, our Directors are of the view that there is clear delineation between our business and the business of the Yincheng Real Estate Group. As such, our Directors believe that none of the businesses of the Yincheng Real Estate Group competes or is likely to compete, either directly or indirectly, with the businesses of our Group.

As the businesses of the Yincheng Real Estate Group are not within the business scope of our Group nor in line with our business strategies and we currently do not intend to engage in any of the businesses of the Yincheng Real Estate Group, we consider that it is not in the best interests of our Company and our Shareholders as a whole to include any of the companies or businesses of the Yincheng Real Estate Group into our Group. Our Controlling Shareholders also confirmed that they have no intention to inject any companies or businesses of the Yincheng Real Estate Group into our Group in the near future.

To ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Company to the effect that each of them will not, and will procure his/its respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our business.

During the Track Record Period, our Group entered into certain transactions with the Yincheng International Holding Group and the Yincheng Real Estate Group, respectively, namely the (i) PRC trademark licensing agreement; (ii) deed of Hong Kong trademark licensing; (iii) master community repair and maintenance services agreement; (iv) first master property management agreement and (v) second master property management agreement. The transactions allowed our Group to (i) use several trademarks registered by the Yincheng Real Estate in the PRC and Hong Kong on a royalty-free basis; (ii) provide property management services to members of the Yincheng Real Estate Group; (iii) provide repair and maintenance services to properties developed by the Yincheng Real Estate Group; and (iv) provide property management services in respect of unsold and sold property units as well as the sales offices for property projects developed by the Yincheng International Holding Group. Such transactions, if continued after Listing, will constitute continuing connected transactions of our Company under the Listing Rules. For further details, please see "Continuing Connected Transactions" in this prospectus.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

Save as otherwise disclosed below in this section and in the section headed "Continuing Connected Transactions" in this prospectus, our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders and their respective associates upon or shortly after the Listing. Having considered the following factors, our Directors consider that we are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their respective close associates following Listing:

Management Independence

Our Company, Yincheng International and Yincheng Real Estate have boards of directors that function independently of each other. The following table sets forth the details of the directorships and/or roles in our Company, Yincheng International and Yincheng Real Estate (if any) immediately upon completion of the Global Offering:

Name	Position in our Company	Position in Yincheng International	Position in Yincheng Real Estate
Huang Qingping (黃清平)	Non-executive Director	Chairman and non-executive director	Chairman and director
Xie Chenguang (謝晨光)	Chairman and non-executive Director	Non-executive director	Director and executive president
Ma Baohua (馬保華)	Non-executive Director	Executive director and president	None
Zhu Li (朱力)	Non-executive Director	Executive director and vice president	None
Li Chunling (李春玲)	Executive Director and president	None	None
Huang Xuemei (黃雪梅)	Executive Director and vice president	None	None
Yin Xiaoli (殷曉黎)	Vice president	None	None
Fan Xingxia (范興霞)	Vice president	None	None
Jiang Zubai (蔣祖柏)	Vice president	None	None
Wu Jianwei (吳建偉)	Financial controller	None	None

Name	Position in our Company	Position in Yincheng International	Position in Yincheng Real Estate
Chow Siu Hang (周兆恒)	Independent non-executive Director	None	None
Li Yougen (李友根)	Independent non-executive Director	None	None
Mao Ning (茅寧)	Independent non-executive Director	None	None

Our Board comprises two executive Directors, four non-executive Directors and three independent non-executive Directors. Four of our Directors (the "**Overlapping Directors**"), all of whom are our non-executive Directors, hold various directorships and positions in the Yincheng International Holding Group and/or the Yincheng Real Estate Group, namely (i) Mr. Huang who serves as the chairman and non-executive director of Yincheng International, and the chairman and a director of Yincheng Real Estate; (ii) Mr. Xie who serves as a non-executive director of Yincheng International, and a director and executive president of Yincheng Real Estate; (iii) Mr. Ma who serves as an executive director and the president of Yincheng International, and a director and legal representative of various subsidiaries of Yincheng International; and (iv) Mr. Zhu who serves as an executive director and the vice president of Yincheng International, and a director and legal representative of various subsidiaries of Yincheng International. Other than the Overlapping Directors, none of our other Directors or senior management holds any directorship or senior management role in the Yincheng International Holding Group and/or the Yincheng Real Estate Group.

In spite of the above, our Directors consider that we have management independence from our Controlling Shareholders and their respective close associates, and our Board is able to manage our business independently from the Yincheng International Holding Group and the Yincheng Real Estate Group, for the following reasons:

(a) none of the businesses of the Yincheng International Holding Group and the Yincheng Real Estate Group competes, or is likely to compete, with our core business, and there are corporate governance measures in place to manage existing and potential conflicts of interest. Therefore, the dual roles assumed by the 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) all of the Overlapping Directors are our non-executive Directors that they will not be involved in the day-to-day management or affairs and operations of our businesses, and they will mainly provide advice on the strategic development and growth of our Group. In addition, there will be no overlapping of chairman and/or chief executive between our Group on one hand and the Yincheng International Holding Group and Yincheng Real Estate Group on the other hand;

(c) the daily operation of our Group is principally managed by our executive Directors, namely Mr. Li Chunling and Ms. Huang Xuemei, both of whom are independent from our Controlling Shareholders. Furthermore, our Board is assisted and supported by our senior management who are all independent from our Controlling Shareholders and their respective close associates in the discharge of its role, and they are responsible for the daily management and operations of our Group and the implementation of the business plans and strategies as laid down by our Board. There is no overlapping personnel between the senior management team of our Group on one hand and that of the Yincheng International Holding Group and the Yincheng Real Estate Group on the other hand. As such, the day-to-day management and operations of our Group are managed and operated independently from our Controlling Shareholders and their respective close associates (including the Yincheng International Holding Group and the Yincheng Real Estate Group);

(d) with the appointment of three independent non-executive Directors to our Board (all of whom have no position in the Yincheng International Holding Group and the Yincheng Real Estate Group, and have no relationship with the Controlling Shareholders and their respective close associates), a strong independent element is present to effectively exercise independent judgment on the corporate actions of our Company and our Board is able to make decisions after due consideration of the independent and impartial opinions and views of our independent non-executive Directors;

(e) the management, operation and affairs of our Group are headed, managed and supervised by our Board as a whole and not by any individual Directors. According to the Articles, our Board must act collectively by a majority decision, and no individual Director is allowed to transact or make any decision for and on behalf of our Company alone unless he/she is authorised by our Board or in accordance with the provisions of the Articles and the Companies Law. Any view of a Director will be checked and balanced by the view of other Board members;

(f) each of the Directors is aware of his/her fiduciary duties as a Director to act for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(g) instances of actual or potential conflict of interests have been identified (for further details, please see “Continuing Connected Transactions” in this prospectus) and minimised by virtue of the Deed of Non-competition;

(h) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant meetings of the Board in respect of such transactions and shall not be counted towards quorum, unless otherwise permitted under the Articles and the Listing Rules. Hence, the independence of the Board’s decisions in respect of any matters in which any of our Directors has a potential conflict of interest can be ensured;

(i) connected transactions between our Group and the companies controlled by our Controlling Shareholders are subject to the rules and regulations of the Listing Rules, including the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules (where applicable); and

(j) our Company has established corporate governance procedures in safeguarding the interests of our Shareholders and enhancing Shareholders' value. For further details, please see "Corporate Governance Measures" in this section.

Operational Independence

We are operating our businesses independently from our Controlling Shareholders and their respective close associates since:

(a) our operating subsidiaries have obtained all material licenses that are necessary for their operations in their own names;

(b) our core management team is independent from our Controlling Shareholders. For further details, please see "Independence from our Controlling Shareholders and their close associates — Management independence" in this section above;

(c) we have our own divisional and functional teams and facilities for each of our operating business segments, and each division has a clear delineation of duties and functions as determined by our Board to promote efficiency, effectiveness and quality in the development of our businesses;

(d) we have independent access to our suppliers and customers and, save as disclosed below and in the section headed "Business — Our Customers" in this prospectus, none of our Controlling Shareholders and their respective close associates are suppliers or customers of our Group; and

(e) our Group has established corporate governance procedures in safeguarding the interests of our Shareholders and preventing our Directors from furthering their own interests at the expense of our Group's interests. For further details, please see "Corporate Governance Measures" in this section.

During the Track Record Period, we entered into certain transactions with entities controlled by our Controlling Shareholders, namely the Yincheng International Holding Group and the Yincheng Real Estate Group, in the ordinary course of our business and on normal commercial terms. Such transactions, if continued after Listing, will constitute continuing connected transactions of our Company under the Listing Rules. For further details, please see "Continuing Connected Transactions" in this prospectus.

Despite the abovementioned transactions with the Yincheng International Holding Group and the Yincheng Real Estate Group, our Directors are of the view that there is no material operational dependence by us on our Controlling Shareholders as:

(a) with over 20 years of experience in the industry, we are an established property management service provider in the PRC which provides diversified property management services and community value-added services. According to the Frost and Sullivan Report, we ranked the 1st and the 5th among all property management service providers in Nanjing and Jiangsu Province in 2018 in terms of revenue, respectively. As such, our Directors believe that it is our Group's reputation for quality services and goodwill in the industry, rather than our relationship with the Yincheng International Holding Group and the Yincheng International Holding Group, that enable us to maintain our competitiveness in the industry;

(b) during the Track Record Period, we derived substantial part of our property management services revenue from the management of properties developed by Independent Third Party property developers. For FY2016, FY2017, FY2018 and 4M2019, revenue derived from the management of properties developed by Independent Third Party property developers accounted for approximately 61.8%, 67.7%, 76.1% and 77.4% of our total property management services revenue, with the remaining portion being generated from the management of properties developed by the Yincheng International Holding Group or the Yincheng Real Estate Group;

(c) leveraging on our quality services, increasing penetration in the existing geographical markets and brand recognition, we have demonstrated our strong capability in securing business opportunities from Independent Third Party developers and customers. During the Track Record Period, our Group's GFA under management of properties developed by Independent Third Party property developers recorded significant growth. In particular, as at 30 April 2019, (i) our Group's GFA under management of properties developed by Independent Third Party property developers was approximately 15.5 million sq.m. (representing a substantial increase of approximately 330.6% as compared to approximately 3.6 million sq.m. as at 31 December 2016); and (ii) our Group's number of properties under management developed by Independent Third Party property developers was 159 (representing a significant increase of approximately 297.5% as compared to 40 properties as at 31 December 2016). For further details, please see "Business — Property Management Services — Our property management agreements" in this prospectus;

(d) our Group secures our preliminary property management service engagements through a standard tender process regulated by the applicable laws and regulations in the PRC. Pursuant to the Regulation on Property Management and Interim Measures for Bid-inviting and Biding Management of Preliminary Property Management* (《前期物業管理招標投標管理暫行辦法》), the developer of residential buildings and non-residential buildings located in the same property management area shall engage qualified property management enterprises through bid-invitation and bidding. During the Track Record Period, we were required to undergo the tender process for properties developed by the Yincheng International Holding Group or the Yincheng Real Estate Group, which is the same process we undergo with respect to properties developed by Independent Third Party property developers;

(e) in addition, in the post-delivery stage of the property development projects where the property owners' associations have been established, the property owners' associations have the right to select or replace the preliminary property management service provider. The Yincheng International Holding Group or the Yincheng Real Estate Group would not have any decisive influence over the selection or replacement of property management service provider selected and engaged by the property owners' associations. For FY2016, FY2017, FY2018 and 4M2019, we recorded high renewal rate of approximately 98.7%, 99.1%, 100.0% and 100.0% respectively for our property management agreements, evidencing our ability to offer quality services to the satisfaction of our customers and to secure and develop our own customers base;

(f) to strengthen our service offerings and diversify our revenue stream, we offer community value-added services to owners and residents of our managed residential properties and other local residents. For FY2016, FY2017, FY2018 and 4M2019, the amount of revenue generated from our community value-added services continued to increase and amounted to approximately RMB58.4 million, RMB73.2 million, RMB100.0 million and RMB30.2 million, respectively. We believe that our community value-added services would enhance the level of convenience at our managed communities and customer experience, satisfaction and loyalty, hence enabling us to maintain a high renewal rate for property management service agreements and bringing upon new engagement opportunities from Independent Third Party property developers and customers; and

(g) going forward, our Group will continue to expand our customer base and we expect the percentage of revenue generated from the properties developed by the Yincheng International Holding Group and the Yincheng Real Estate Group will further decrease and become less significant after Listing. In particular, we intend to (i) continue to expand our business by mergers and acquisitions in order to expand our market shares in the property management service industry in the PRC; (ii) continue to scale up our business in non-residential properties to further diversify our revenue streams and growth drivers; and (iii) continue to diversify our community value-added services and enhance our brand recognition. See "Business — Our Strategies" in this prospectus.

Financial Independence

In December 2016, our Group has obtained working capital loan facilities of an aggregate amount of RMB50,000,000 from a licensed bank in the PRC for working capital use for a term of three years with corporate and personal guarantee provided by Yincheng Real Estate (being directly and indirectly owned as to approximately 53.11% by Mr. Huang, one of our Controlling Shareholders) and Mr. Huang (being one of our Controlling Shareholders), respectively. The aforementioned working capital loan facilities and corporate and personal guarantee will be repaid and released prior to the Listing.

Notwithstanding the foregoing, our Board believe that we are able to operate financially independently from our Controlling Shareholders and their respective close associates as:

(a) we have our own accounting and financial department and an independent financial system and we make financial decisions independently according to our Group's own business and operation needs;

(b) we have sufficient capital to operate our business independently, and have adequate internal resources and credit profile to support our daily operations;

(c) all loans, advances and balances due to and from our Controlling Shareholders in relation to our daily business operations and their respective close associates will be fully settled prior to the Listing;

(d) we have our own treasury function and we have independent access to third party financing on market terms and conditions for our business operations as and when required;

(e) all corporate and personal guarantees provided by our Controlling Shareholders for our banking facilities will be released prior to the Listing; and

(f) we have independent bank accounts and do not share any of our bank accounts, loan facilities or credit facilities with our Controlling Shareholders or their respective close associates.

TRANSACTIONS ENTERED INTO BEFORE THE LISTING WHICH WOULD OTHERWISE CONSTITUTE CONNECTED TRANSACTIONS

We have entered into the following transactions with parties who will, upon the Listing, become our connected persons. These transactions were entered into before the Listing and are accounted as one-off in nature under IFRS 16. If these transactions were entered into after the Listing, such transactions would constitute connected transactions of our Group. Details of such transactions are set out below in order to facilitate potential investors to anticipate that we have, before the Listing, entered into transactions which would otherwise be considered as connected transactions should our Company be listed on the Stock Exchange at the time of the relevant transactions.

Connected Persons

Upon the Listing, the following parties, which have entered into the following tenancy agreements with our Group, will be connected persons of our Group:

- Yincheng Real Estate – Yincheng Real Estate is a company directly and indirectly owned as to approximately 53.11% by Mr. Huang (being one of our Controlling Shareholders and a non-executive Director) as at the Latest Practicable Date, hence an associate of our Controlling Shareholder and will therefore be a connected person of our Company upon the Listing;

- Nanjing Huazhong Real Estate Co., Ltd.* (南京華中房地產開發有限責任公司) ("**Nanjing Huazhong**") – Nanjing Huazhong is a company directly wholly-owned by Yincheng Real Estate as at the Latest Practicable Date and will therefore be a connected person of our Company upon the Listing; and

- Nanjing Xicheng Real Estate Co., Ltd.* (南京西城房地產開發有限公司) ("**Nanjing Xicheng**") – Nanjing Xicheng is a company indirectly wholly-owned by Yincheng International as at the Latest Practicable Date, which in turn was beneficially owned as to approximately 37.26% by Mr. Huang (being one of our Controlling Shareholders and a non-executive Director) as at the Latest Practicable Date, and will therefore be a connected person of our Company upon the Listing.

Tenancy Agreements

As at the Latest Practicable Date, our Group has leased certain properties from our connected persons under various tenancy agreements (the "**Tenancy Agreements**"), details of which are set out as follows:

	Date of tenancy agreement	Property address	Parties	Approximate GFA	Total rental	Term	Use of premises
				(sq. m.)	*(RMB'000)*		
1.	1 January 2018	Building 6, Dongli Garden, Yincheng Dongyuan, Xuanwu District, Nanjing, the PRC* (中國南京市玄武區銀城東苑東籬園6棟) (the "**Fitness Centre I**")	**Landlord:** Nanjing Huazhong **Tenant:** Yincheng Fitness	6,344.9	10,422	1 January 2018 – 31 December 2020	Fitness centre

	Date of tenancy agreement	Property address	Parties	Approximate GFA	Total rental	Term	Use of premises
				(sq. m.)	*(RMB'000)*		
2.	1 January 2018	No.126-1, Hengshan Road, Jianye District, Nanjing, the PRC* (中國南京市建鄴區恆山路126號-1) (the "**Fitness Centre II**")	**Landlord:** Nanjing Xicheng **Tenant:** Yincheng Fitness	4,244.05	6,971	1 January 2018 – 31 December 2020	Fitness centre
3.	1 July 2018	1st Floor, Clubhouse, 77 Jufuyuan, Gulou, Nanjing, the PRC* (中國南京市鼓樓聚福園77號會所一樓) (the "**Commercial Premises**")	**Landlord:** Yincheng Real Estate **Tenant:** Yincheng Fitness	290	520	1 July 2018 – 30 June 2023	Commercial
4.	16 January 2019	Office Unit (South), Room 1901, 19th Floor, Yincheng Plaza, 289 Jiangdong Avenue North, Nanjing, the PRC* (中國南京市江東北路289號銀城廣場19樓1901室南側辦公用房) (the "**Nanjing Office**")	**Landlord:** Yincheng Real Estate **Tenant:** Yincheng Property Services	500	447	1 January 2019 – 31 December 2019	Office

Basis in determining the rental payable

The rental rates were on normal commercial terms determined after arm's length negotiations based on the prevailing market rates no less favourable to those offered by Independent Third Parties for similar properties at comparable locations.

Reasons for the transactions

Our Group has historically been using the properties under the Tenancy Agreements as our office, fitness centres and commercial premises. Having considered that the rent of the properties under the Tenancy Agreements are comparable to the prevailing market rates of comparable properties in the locality, and the additional renovation and associated costs which we may incur if we move out of the properties under the Tenancy Agreements and relocate to another premises, our Directors consider that it is desirable and in the interests of our Company and the Shareholders as a whole to continue using the properties under the Tenancy Agreements as our office, fitness centres and commercial premises.

Accounting treatment of the Tenancy Agreements

Our Group has early adopted IFRS 16 in the preparation of the financial information of our Group during the Track Record Period, pursuant to which, at the commencement date of a lease, our Group as lessee shall recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Accordingly, the lease transactions under the Tenancy Agreements would be regarded as acquisitions of assets by the tenant for the purpose of the Listing Rules.

Implication under the Listing Rules

As at the respective dates of the Tenancy Agreements for the Fitness Centre I and the Fitness Centre II, each of Nanjing Huazhong and Nanjing Xicheng was a subsidiary of Yincheng Real Estate. As the leasing of the Fitness Centre I, the Fitness Centre II and the Commercial Premises were entered into within a 12-month period and the relevant landlords were either Yincheng Real Estate or its subsidiaries (as the case may be), the transactions contemplated under the Tenancy Agreements relating to the Fitness Centre I, the Fitness Centre II and the Commercial Premises are required to be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the aggregated value of the right-of-use of the Fitness Centre I, the Fitness Centre II and the Commercial Premises under the relevant Tenancy Agreements was over 5% but less than 25%, the relevant transactions would have constituted (i) discloseable transactions for our Company under Chapter 14 of the Listing Rules; and (ii) connected transactions for our Company under Chapter 14A of the Listing Rules, and would be subject to the reporting, announcement, circular and independent shareholders' approval requirements should our Company be listed on the Stock Exchange at the time of the relevant transactions.

As the leasing of the Nanjing Office and the Commercial Premises were entered into within a 12-month period and the relevant landlord was Yincheng Real Estate, the transactions contemplated under the Tenancy Agreements relating to the Nanjing Office and the Commercial Premises are required to be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the aggregated value of the right-of-use of the Nanjing Office and the Commercial Premises was less than 5% and the aggregated value of the right-of-use was less than HK$3.0 million, the relevant transactions would constitute de minimis connected transactions under Rule 14A.76 of the Listing Rules and would be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules should our Company be listed on the Stock Exchange at the time of the relevant transactions.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen our corporate governance practice and to safeguard the interests of our Shareholders:

(a) the Articles provide that a Director shall not be counted towards quorum or vote on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is material interested unless in certain circumstances as expressly stated in the Articles, namely:

  (i) the giving of any security or indemnity either:

    (a) to the Director or his/her close associate(s) in respect of money lent or obligations incurred or undertaken by him/her or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

    (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his/her close associate(s) has himself/herself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

  (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his/her close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

  (iii) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:

    (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his/her close associate(s) may benefit; or

    (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his/her close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his/her close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

  (iv) any contract or arrangement in which the Director or his/her close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/her/their interest in shares or debentures or other securities of the Company;

(b) our independent non-executive Directors will review, on an annual basis, compliance with the Deed of Non-competition given by our Controlling Shareholders;

(c) our Company will obtain (i) an annual written confirmation in respect of our Controlling Shareholders' compliance with the terms of the Deed of Non-competition; (ii) consent (from each of our Controlling Shareholders) to refer to the said confirmation in our annual reports; and (iii) all information as may reasonably be requested by us and/or our independent non-executive Directors for our review and enforcement of the Deed of Non-competition;

(d) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition in the annual reports of our Company;

(e) our independent non-executive Directors may appoint independent financial advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the non-competition undertaking or connected transaction(s) at the cost of our Company;

(f) our independent non-executive Directors will be responsible for deciding whether or not to allow any Controlling Shareholder and/or his/its close associates to be involved in or participate in any business in competition with or likely to be in competition with the existing business activity of any members of our Group with the PRC, Hong Kong and such other parts of the world where any members of our Group may operate from time to time and if so, specifying any conditions to be imposed; and

(g) we have appointed Anglo Chinese Corporate Finance, Limited as our compliance adviser, 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.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

With the corporate governance measures including the measures set out above, our Directors believe that the interests of our Shareholders will be protected.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately following the completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), have beneficial interests or short positions in our Shares or underlying Shares which would be required 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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

		Shares held as at the date hereof and immediately prior to the Capitalisation Issue and the Global Offering		Shares held immediately following completion of the Capitalisation Issue and the Global Offering	
Name of Shareholder	**Nature of interest**	**Number**	**Percentage**	**Number**	**Percentage**
Silver Huang(1)	Beneficial owner	4.806	48.06%	96,120,000	36.04%
Sliver Wutong(1)	Beneficial owner	650	6.50%	13,000,000	4.87%
Mr. Huang(1)	Interest in controlled corporations	5,456	54.56%	109,120,000	40.91%
Silver Dai(2)	Beneficial owner	1,743	17.43%	34,860,000	13.07%
Mr. Dai(2)	Interest in controlled corporation	1,743	17.43%	34,860,000	13.07%
Silver Zhu(3)	Beneficial owner	944	9.44%	18,880,000	7.08%
Mr. Zhu LN(3)	Interest in controlled corporation	944	9.44%	18,880,000	7.08%
Silver Xie(4)	Beneficial owner	725	7.25%	14,500,000	5.44%
Mr. Xie(4)	Interest in controlled corporation	725	7.25%	14,500,000	5.44%
Silver Ma(5)	Beneficial owner	672	6.72%	13,440,000	5.04%
Mr. Ma(5)	Interest in controlled corporation	672	6.72%	13,440,000	5.04%

Notes:

(1) Mr. Huang is the sole shareholder of each of Silver Huang and Silver Wutong and he is therefore deemed to be interested in all the Shares held by Silver Huang and Silver Wutong under the SFO.

(2) Mr. Dai is the sole shareholder of Silver Dai and he is therefore deemed to be interested in all the Shares held by Silver Dai under the SFO.

(3) Mr. Zhu LN is the sole shareholder of Silver Zhu and he is therefore deemed to be interested in all the Shares held by Silver Zhu under the SFO.

(4) Mr. Xie is the sole shareholder of Silver Xie and he is therefore deemed to be interested in all the Shares held by Silver Xie under the SFO.

(5) Mr. Ma is the sole shareholder of Silver Ma and he is therefore deemed to be interested in all the Shares held by Silver Ma under the SFO.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised), have beneficial interests or short positions in any Shares or underlying Shares, which would be required 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 nominal value of any class of share capital carrying rights to vote in the circumstances at general meetings of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

OVERVIEW

Our Group has entered into the following transactions with parties who will, upon the Listing, become our connected persons, and such transactions are expected to continue after the Listing Date. As such, upon the Listing, these transactions will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

Upon the Listing, the following parties, which have entered into the following transactions with our Group, will be connected persons of our Group:

- **Yincheng International** — Yincheng International (stock code: 1902) is a company listed on the Main Board which was beneficially owned as to approximately 37.26% by Mr. Huang (being one of our Controlling Shareholders and a non-executive Director) as at the Latest Practicable Date, and will therefore be a connected person of our Company upon the Listing;

- **Yincheng Real Estate** — Yincheng Real Estate is a company directly and indirectly owned as to approximately 53.11% by Mr. Huang (being one of our Controlling Shareholders and a non-executive Director) as at the Latest Practicable Date, hence an associate of our Controlling Shareholder and will therefore be a connected person of our Company upon the Listing; and

- **Jincheng Jiaye** — Jincheng Jiaye is a company that engages in the sales and marketing of first-hand and second-hand properties and wholly-owned by Yincheng Real Estate as at the Latest Practicable Date, and will therefore be a connected person of our Company upon the Listing.

CONTINUING CONNECTED TRANSACTIONS FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

The PRC Trademark Licensing Agreement

On 1 June 2019, Yincheng Property Services entered into a trademark licensing agreement with Yincheng Real Estate (the "**PRC Trademark Licensing Agreement**"), pursuant to which Yincheng Real Estate agreed to grant Yincheng Property Services a non-transferable licence to use a registered trademark in the PRC, for a term commencing from 1 June 2019 to 26 July 2023 (being the date immediately preceding the expiry date of the trademark registration) at a licensing fee to be separately agreed. Details of the licenced trademark are set forth in the section headed "Appendix IV — Statutory and General Information — B. Further Information about our Business — 2. intellectual property rights of our Group" in this prospectus.

Our Directors believe that the PRC Trademark Licensing Agreement with a term of more than three years can ensure the stability of our operations, and is beneficial to our Company and our Shareholders as a whole. The Sole Sponsor is of the view that it is a normal business practice for agreements of this type to be of such duration.

As the right to use the licenced trademark is granted to us on a royalty-free basis, the transaction under the PRC Trademark Licensing Agreement will be within the de minimus threshold provided under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Deed of Hong Kong Trademark Licensing

On 26 June 2019, our Company entered into a deed of trademark licensing with Yincheng Real Estate (the "**Deed of Hong Kong Trademark Licensing**"), pursuant to which Yincheng Real Estate agreed to irrevocably grant our Group a non-transferable and non-exclusive license to use a registered trademark in Hong Kong, for a term commencing from 26 June 2019 to the expiry date of trademark registration (including any subsequent renewal of the trademark registrations by Yincheng Real Estate) on a royalty-free basis. Details of the licenced trademarks are set forth in the section headed "Appendix IV — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights of our Group" in this prospectus.

Our Directors believe that the Deed of Hong Kong Trademark Licensing with a term of more than three years can ensure the stability of our operations, and is beneficial to our Company and our Shareholders as a whole. The Sole Sponsor is of the view that it is a normal business practice for agreements of this type to be of such duration.

As the right to use the licenced trademarks is granted to us on a royalty-free basis, the transaction under the Deed of Hong Kong Trademark Licensing will be within the de minimus threshold provided under Rule 14A.76 of the Listing Rules and will be exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTION SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Master Community Repair and Maintenance Services Agreement

On 21 October 2019, for the purpose of our brand name recognition and enhancing our corporate image, our Company (for itself and on behalf of its subsidiaries) and Yincheng Real Estate (for itself and on behalf of its subsidiaries) entered into a master community repair and maintenance agreement (the "**Master Community Repair and Maintenance Services Agreement**"), pursuant to which our Group agreed to provide repair and maintenance services to properties developed by the Yincheng Real Estate Group which have been subject to wear and tear throughout the years since the completion of construction of such properties (the "**Repair and Maintenance Services**") for a term commencing from the Listing Date until 31 December 2021. Relevant subsidiaries or associates (as defined under IFRS) of our Group and the Yincheng Real Estate Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the Master Community Repair and Maintenance Services Agreement.

For FY2016, FY2017, FY2018 and 4M2019, the total revenue generated by our Group for providing the Repair and Maintenance Services to the Yincheng Real Estate Group amounted to approximately nil, nil, RMB6.9 million and nil, respectively.

In order to ensure the fees received by us are in the ordinary course of business of our Company, on normal commercial terms or terms no less favourable to our Company than those available from Independent Third Parties, the fees to be charged for the Repair and Maintenance Services shall be determined after arm's length negotiations having taken into account factors such as the budget set by Yincheng Property Services in providing the Repair and Maintenance Services, the total GFA of the relevant communities which may be in need of the Repair and Maintenance Services and the anticipated required level of resources and operational and time costs for the provision of the Repair and Maintenance Services.

Our Directors estimate that the maximum annual fee charged by our Group in relation to the services to be provided under the Master Community Repair and Maintenance Services Agreement for each of the three years ending 31 December 2021 will not exceed RMB5.6 million, RMB8.1 million and RMB10.0 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

(i) the historical transaction amounts during the Track Record Period;

(ii) reference made to the prevailing market rate of such service fees for the provision of services of similar scope and quality;

(iii) the estimated number of properties developed by the Yincheng Real Estate Group that may require the Repair and Maintenance Services; and

(iv) the service fees charged by us in providing repair and maintenance services of similar scope and quality to Independent Third Party customers.

As each of the applicable percentage ratios for the Master Community Repair and Maintenance Services Agreement is expected to be less than 5% on an annual basis, the transactions under the Master Community Repair and Maintenance Services Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

In general, we provide property management services pursuant to the (i) preliminary property management agreements entered into between the property developers (on behalf of the property owners) and us before the newly developed properties are delivered to the property owners; or (ii) property management agreements entered into between the property owners' association (on behalf of the property owners) and us after the developed properties have been delivered to the property owners and that the property owners' associations have been established in accordance with the PRC laws. Although neither the property owners' association nor individual property owners are parties to the preliminary property management agreements, (i) such agreements are valid and legally binding on subsequent property owners under the relevant PRC laws and regulations; (ii) we are obliged to provide the property management services directly to the property owners; and (iii) the property owners are obliged under such agreements to pay the property management fees to our Group directly. As the actual contractual relationships and obligations would be between our Group and the property owners (being Independent Third Parties) under both the preliminary property management agreements and the property management agreements, any revenue generated from such agreements for any properties developed by the Yincheng Real Estate Group and/or the Yincheng International Holding Group would therefore not constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules. For further details, please see "Business — Property Management Services — Our property management agreements" in this prospectus.

Nevertheless, prior to the properties are being delivered to the property owners and before any property owners' association has been formed or property owner has been identified, we generally also provide property management services to the property developers (including but not limited to the Yincheng Real Estate Group and/or the Yincheng International Holding Group) for (i) the relevant property sales office; and (ii) the unsold property units and/or sold property units prior to the agreed delivery date set out in the relevant property purchase contract. As each of the Yincheng Real Estate Group and the Yincheng International Holding Group will be connected persons of our Group upon the Listing, the portion of revenue generated by providing such property management services to each of them will constitute continuing connected transactions under Chapter 14A of the Listing Rules. For further details, please see the paragraph headed "First Master Property Management Agreement" and "Second Master Property Management Agreement" in this section.

First Master Property Management Agreement

On 21 October 2019, our Company (for itself and on behalf of its subsidiaries) and Yincheng Real Estate (for itself and on behalf of its subsidiaries) entered into a master property management agreement (the "**First Master Property Management Agreement**"), pursuant to which our Group agreed to provide to members of the Yincheng Real Estate Group property management services (including but not limited to on-site security, cleaning, gardening, as well as customer services) to (i) the property sales offices used by the Jincheng Jiaye Group (being the subsidiaries of Yincheng Real Estate) for its sale and marketing of first-hand and second-hand properties in the PRC; and (ii) the unsold property units developed by the Yincheng Real Estate Group (the "**Yincheng Real Estate Property Management Services**") for a term commencing from the Listing Date until 31 December 2021. Relevant subsidiaries or associates (as defined under IFRS) of our Group and the Yincheng Real Estate Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the First Master Property Management Agreement.

For FY2016, FY2017, FY2018 and 4M2019, the total revenue generated by our Group for providing the Yincheng Real Estate Property Management Services to the Yincheng Real Estate Group amounted to approximately RMB7.7 million, RMB7.8 million, RMB7.8 million and RMB0.7 million, respectively.

In order to ensure the fees received by us are in the ordinary course of business and on normal commercial terms or terms no less favourable to our Company than those available from Independent Third Parties, the fees to be charged for the Yincheng Real Estate Property Management Services shall be determined after arm's length negotiations having taken into account factors such as the anticipated required level of resources and time costs with reference to the fees for similar services and similar types of projects in the market and the fees received by us in providing similar services to Independent Third Parties.

Our Directors estimate that the maximum annual fee to be charged by our Group in relation to the services to be provided under the First Master Property Management Agreement for each of the three years ending 31 December 2021 will not exceed RMB5.8 million, RMB13.4 million and RMB20.5 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

(i) the historical transaction amounts during the Track Record Period;

(ii) reference made to the prevailing market rate of such service fees for the provision of the Yincheng Real Estate Property Management Services; and

(iii) the estimated increase in the business expansion of the Jincheng Jiaye Group and hence the estimated increase in the number of property projects to be sold through the Jincheng Jiaye Group.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions contemplated under the First Master Property Management Agreement is, on an annual basis, expected to be more than 5%, the transactions contemplated under the First Master Property Management Agreement will, upon the Listing, constitute continuing connected transactions for our Company and be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Second Master Property Management Agreement

On 21 October 2019, our Company (for itself and on behalf of its subsidiaries) and Yincheng International (for itself and on behalf of its subsidiaries) entered into a master property management agreement (the "**Second Master Property Management Agreement**"), pursuant to which our Group agreed to provide property management services in respect of (i) the unsold property units and the sold property units prior to the agreed delivery date set out in the property purchase contract for projects developed by the Yincheng International Holding Group; and (ii) the sales offices for property projects developed by the Yincheng International Holding Group (the "**Yincheng International Property Management Services**"), for a term commencing from the Listing Date until 31 December 2021. Relevant subsidiaries or associates (as defined under IFRS) of our Group and the Yincheng International Holding Group will enter into separate agreements which will set out the specific terms and conditions according to the principles provided in the Second Master Property Management Agreement.

For FY2016, FY2017, FY2018 and 4M2019, the total revenue generated by our Group for providing the Yincheng International Property Management Services to the Yincheng International Holding Group amounted to approximately RMB5.5 million, RMB26.8 million, RMB14.0 million and RMB7.4 million, respectively. The substantial increase of service fees paid by the Yincheng International Holding Group to us for FY2017 as compared with FY2016 was mainly due to an increase in the number of unsold property units which were available for sale and the number of sold property units which were available for delivery.

The fees to be charged for the Yincheng International Property Management Services shall be determined after arm's length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar types of projects in the market. The service fees shall not be higher than the standard fees designated by the relevant regulatory authorities or lower than the standard fees to be charged by Independent Third Parties.

Our Directors estimate that the maximum annual fee to be charged by our Group in relation to the Yincheng International Property Management Services for each of the three years ending 31 December 2021 will not exceed RMB45.9 million, RMB75.1 million and RMB76.8 million, respectively.

The increase of service fees to be charged by us to Yincheng International Group for the three years ending 31 December 2021 is mainly due to:

(i) the significant increase in the amount of GFA available for delivery which is expected to represent (a) an increase of approximately 100% for the year ending 31 December 2020 as compared to the year ending 31 December 2019 as a result of expected completion of a number of projects including Honor Mansion (Phase 2 and 3) (雲台天境(二、三期)), Jiangshan Yu Mansion (江山禦) and Zhixiang Cheng (致享城); and (b) a relatively steady increase for the year ending 31 December 2021 as compared to the year ending 31 December 2020 due to the expected business and strategic expansion of the Yincheng International Holding Group in 2020;

(ii) the significant increase in number of property projects to be delivered by the Yincheng International Holding Group for the three years ending 31 December 2021; and

(iii) the expected increase in labour costs for maintaining sales offices of property projects of the Yincheng International Holding Group as a result of the expected increase of property projects to be delivered by the Yincheng International Holding Group.

In arriving at the above annual caps, our Directors have considered the following factors:

(i) the historical transaction amounts during the Track Record Period;

(ii) the market rate for such service fees (save for maintaining the sales offices of relevant property projects) being RMB15/sq.m. Hence, as mentioned above, since there is an increase in the amount of GFA available for delivery and as a result, there is an increase of service fees for the three years ending 31 December 2021 which was determined with reference to the prevailing market rate taking into account the location of the project, the anticipated operational costs (including labour costs, material costs and administrative costs) in compliance with the relevant PRC laws and regulations;

(iii) the estimated number of sold property units that will be made available for delivery for the three years ending 31 December 2021 according to the business plan of the Yincheng International Holding Group;

(iv) estimated number of unsold property units that will be made available for sale for the three years ending 31 December 2021 according to the business plan of the Yincheng International Holding Group;

(v) the labour costs for maintaining sales offices of property projects of the Yincheng International Holding Group for the three years ending 31 December 2021 with reference to the number of property projects to be available for sale, the estimated number of months required for maintaining such sales offices which will in turn depend on the scale of property projects and the number of properties available for sale, the minimum number of staff to be stationed in each sales office, and the estimated labour costs in the PRC for the three years ending 31 December 2021.

As one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions contemplated under the Second Master Property Management Agreement is, on an annual basis, expected to be more than 5%, the transactions contemplated under the Second Master Property Management Agreement will, upon the Listing, constitute continuing connected transactions for our Company and be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

The non-exempt continuing connected transactions contemplated under the Master Community Repair and Maintenance Services Agreement, the First Master Property Management Agreement and the Second Master Property Management Agreement are expected to continue on a recurring basis upon the Listing. As each of the Master Community Repair and Maintenance Services Agreement, the First Master Property Management Agreement and the Second Master Property Management Agreement was entered into prior to the Listing Date and details of which have been fully disclosed in this prospectus and potential investors will participate in the Global Offering on the basis of such disclosure, our Directors consider that it would be impractical, unduly burdensome and would add unnecessary administrative costs and workload for us to comply with the applicable requirements under Chapter 14A of the Listing Rules.

Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules relating to the abovementioned partially-exempt continuing connected transaction, and the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules relating to the abovementioned non-exempt continuing connected transactions.

We will, however, comply at all times with the other applicable provisions under Chapter 14A of the Listing Rules in respect of such partially-exempt continuing connected transaction and non-exempt continuing connected transactions, and will immediately inform the Stock Exchange if there are any changes to such continuing connected transactions.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that all the non-exempt continuing connected transactions contemplated under the Master Community Repair and Maintenance Services Agreement, the First Master Property Management Agreement and the Second Master Property Management Agreement have been and will be carried out in (i) 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 non-exempt continuing connected transactions contemplated under the Master Community Repair and Maintenance Services Agreement, the First Master Property Management Agreement and the Second Master Property Management Agreement are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor is of the view that (i) the non-exempt continuing connected transactions contemplated under the Master Community Repair and Maintenance Services Agreement, the First Master Property Management Agreement and the Second Master Property Management Agreement 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) the proposed annual caps of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised):

Authorised share capital:		*HK$*
2,000,000,000	Shares of HK$0.01 each	20,000,000

Issued and to be issued, fully paid or credited as fully paid:		*HK$*
10,000	Shares in issue immediately prior to the Capitalisation Issue and the Global Offering	100
199,990,000	Shares to be issued pursuant to the Capitalisation Issue	1,999,900
66,680,000	Shares to be issued pursuant to the Global Offering	666,800
266,680,000	**Total**	2,666,800

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering and Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by us pursuant to the general mandate granted to our Directors to issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08 of the Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the issued share capital of our Company in the hands of the public (as defined in the Listing Rules). The 66,680,000 Offer Shares represent 25% of the issued share capital of our Company upon Listing.

RANKING

The Offer Shares will rank pari passu in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will qualify for all dividends or other distributions declared, paid or made on the Shares after the date of this prospectus.

CAPITALISATION ISSUE

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorised to capitalise an amount of HK$1,999,900 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 199,990,000 Shares for allotment and issue to our Shareholders whose names are on the register of members of our Company as of the date of the passing of the relevant resolution approving the Capitalisation Issue, on a pro rata basis.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the fulfilment or waiver (as applicable) of the conditions set out in the section headed "Structure and Conditions of the Global Offering — Conditions of the Global Offering" in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

(a) 20% of the total number of Shares in issue immediately following completion of Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option); and

(b) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

The allotment and issue of Shares under a rights issue, script dividend scheme or similar arrangement in accordance with the Articles do not generally require the approval of the Shareholders in general meeting and the aggregate nominal value of the Shares which our Directors are authorised to allot and issue under this mandate will not be reduced by the allotment and issue of such Shares.

This general mandate will expire at the earliest of:

(a) the conclusion of our Company's next annual general meeting;

(b) the expiration of the period within which our Company is required by applicable laws or the Articles to hold its next annual general meeting; and

(c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details, please see "A. Further Information about our Group — 4. Written resolutions of our Shareholders passed on 15 October 2019" in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the fulfilment or waiver (as applicable) of the conditions set out in the section headed "Structure and Conditions of the Global Offering — Conditions of the Global Offering" in this prospectus, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue following completion of the Capitalisation Issue and the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

This mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), which are made in accordance with all applicable laws and requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in the section headed "A. Further Information about our Group — 4. Written resolutions of our Shareholders passed on 15 October 2019" in Appendix IV to this prospectus.

This general mandate will expire at the earliest of:

(a) the conclusion of our Company's next annual general meeting;

(b) the expiration of the period within which our Company is required by applicable laws or the Articles to hold its next annual general meeting; and

(c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details, please see "A. Further Information about our Group — 4. Written resolutions of our Shareholders passed on 15 October 2019" in Appendix IV to this prospectus.

SHARE OPTION SCHEME

As at the Latest Practicable Date, our Company has not adopted any share option scheme.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

The circumstances under which general meeting and class meeting are required are provided in the Articles of our Company. For details, please see the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" as set out in Appendix III in this prospectus.

You should read this section in conjunction with our combined financial statements, including the notes thereto, as set out in Accountants' Report set out in Appendix I to this prospectus. Our Company's combined financial statements have been prepared in accordance with IFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in "Risk Factors" in this prospectus.

Our financial year begins on 1 January and ends on 31 December. The references to "FY2016","FY2017" and "FY2018" mean the financial years ended 31 December 2016, 2017 and 2018, respectively, and "4M2018" and "4M2019" mean the four months ended 30 April 2018 and 2019, respectively.

OVERVIEW

We are an established property management service provider in the PRC with over 20 years' industry experience, providing diversified property management services and community value-added services. Through the offering of quality services, we have grown from a local property management service provider in Nanjing, to one of the leading property management service providers in both Nanjing and Jiangsu Province.

Our business covers a wide spectrum of properties, including residential properties and non-residential properties covering government facilities, financial institutions, property sales offices, parks, highway service area, industrial parks, mixed-use properties, schools and office buildings. As at 30 April 2019, our property management services covered 10 PRC cities, including seven cities in Jiangsu Province and three cities in other provinces in the Yangtze River Delta Megalopolis, with GFA under management reaching approximately 19.6 million sq.m.. We managed 197 properties, including 89 residential properties and 108 non-residential properties, serving over 100,000 households as at 30 April 2019.

Our two main business lines, namely, property management services and community value-added services, form an integrated service platform. The synergistic effects achieved through these two business lines help us to diversify our revenue streams, and to consolidate our relationship with our customers by offering them complementary services.

For FY2016, FY2017 and FY2018, our total revenue was RMB227.4 million, RMB305.9 million and RMB467.7 million, respectively, representing a CAGR of 43.4%, while our net profit for the years was RMB23.2 million, RMB19.8 million and RMB27.1 million, respectively, representing a CAGR of 8.1%.

For 4M2018 and 4M2019, our total revenue was RMB125.1 million and RMB185.1 million, respectively, representing a growth rate of 48.0%, while our net profit for the years was RMB10.1 million and RMB9.9 million, respectively, representing a period-by-period decrease of 2.0%.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands with limited liability on 3 April 2019. In preparation for the Global Offering, we underwent the Reorganisation, as detailed in the section headed "History, Reorganisation and Corporate Structure" in this prospectus. Following the Reorganisation, our Company became the holding company of all the subsidiaries currently constituting our Group on 29 May 2019. For more information on the basis of preparation of our financial information included herein, please see the Accountants' Report set out in Appendix I to this prospectus.

The combined financial information of our Group has been prepared in accordance with the IFRSs. IFRS 15 *Revenue from Contracts with Customers* and related amendments to IFRS 15 *Clarifications to IFRS 15 Revenue from Contracts with Customers* ("**IFRS 15**") have been early adopted by our Group in the preparation of the financial statements throughout the Track Record Period, and IFRS 9 *Financial Instruments* ("**IFRS 9**") has taken effect for accounting periods commencing from 1 January 2018. Our Group has assessed the effects of adoption of IFRS 9 and IFRS 15 on the financial statements and considered that the adoption did not have a significant impact on its financial position and financial performance as compared to IAS 39 and IAS 18. IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, has been early adopted by our Group in the preparation of the financial statements throughout the Track Record Period. As such, our Group's key ratios, financial position and performance as disclosed throughout the Track Record Period has taken into account the impact of IFRS 16. Please see Notes 2.2 to the Accountants' Report set out in Appendix I to this prospectus.

The adoption of IFRS 16 does not have a significant impact on our Group's financial performance (net profits) when compared to that of IAS 17. The new requirements of IFRS 16 would increase the combined assets and combined liabilities of our Group, and thus have an impact on our Group's (as lessee) financial position in our combined financial statements.

The following table sets forth the impact on our Group's financial position (net assets) following the early adoption of IFRS 16:

	FY2016	**FY2017**	**FY2018**	**4M2019**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
NON-CURRENT ASSETS				
Right-of-use assets	5,287	12,207	22,239	19,919
Impact on total assets	**5,287**	**12,207**	**22,239**	**19,919**
CURRENT LIABILITIES				
Lease liabilities	12,729	11,864	24,212	22,304
NON-CURRENT LIABILITIES				
Lease liabilities	–	11,671	16,290	14,521
Impact on total liabilities	**12,729**	**23,535**	**40,502**	**36,825**
Impact on net assets	**(7,442)**	**(11,328)**	**(18,263)**	**(16,906)**

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:

Our GFA under management

During the Track Record Period, we generated a significant portion of our revenue from our property management services. Revenue from our property management services amounted to RMB168.9 million, RMB232.7 million, RMB367.6 million and RMB154.9 million, accounting for 74.3%, 76.1%, 78.6% and 83.7% of our total revenue in FY2016, FY2017, FY2018 and 4M2019, respectively. Accordingly, our continued revenue growth depends on our ability to grow our property management portfolio. Our GFA under management for our property management services amounted to 6.6 million sq.m., 10.8 million sq.m., 15.5 million sq.m., and 19.6 million sq.m. during the Track Record Period, respectively.

If we are unable to grow our property management portfolio as planned or manage our future growth effectively, we may not be able to take advantage of the market opportunities which may have a material adverse effect on our business, financial condition and results of operations.

Our branding and pricing ability

We generally price our property management services by taking into account a number of factors, including (i) our expense forecast including the labour costs and subcontracting fees; (ii) the GFA or the size of the project; (iii) the terms and conditions of the property management agreement; (iv) the scope of property management services required from our customers; (v) the types and locations of the property; and (vi) the then prevailing market condition and our estimation of our competitors' pricing. In determining our pricing, we have to achieve a balance between pricing our projects sufficiently competitive while 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.

Our pricing ability can materially affect our results and operations. For illustrative purposes only, we set out below a sensitivity analysis of our profit for the year/period with reference to the fluctuations of property management fees during the Track Record Period. The following table demonstrates the impact of the hypothetical decrease in property management fees on our profit for the year/period, while all other factors remain unchanged:

	FY2016	FY2017	FY2018	4M2018	4M2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from our property management business	168,949	232,737	367,641	105,569	154,923
Total profit for the year/period	23,194	19,821	27,090	10,055	9,914
Assuming 5% decrease in our property management fees					
Impact on revenue from our property management business	8,447	11,637	18,382	5,278	7,707
Impact on profit for the year/period *(Note)*	6,336	8,728	13,787	3,959	5,780
Assuming 10% decrease in our property management fees					
Impact on revenue from our property management business	16,895	23,274	36,764	10,557	15,413
Impact on profit for the year/period *(Note)*	12,671	17,455	27,573	7,918	11,560

Note: Impact on profit for the year/period was calculated assuming EIT of 25%.

Our ability to mitigate the impact of rising labour costs

Since the property management industry is labour intensive, labour costs constitute a substantial portion of our cost of sales. During the Track Record Period, our labour costs increased considerably as a result of the expansion of our business, increases in headcount and increases in the market price for labour. In FY2016, FY2017 and FY2018 as well as 4M2018 and 4M2019, our labour costs recorded in our cost of sales was RMB128.1 million, RMB177.8 million, RMB274.1 million, RMB77.7 million and RMB113.8 million, respectively, accounting for 72.0%, 69.8%, 68.6%, 75.3% and 72.6% of our cost of sales, respectively. To cope with rising labour costs, we strive to implement a number of cost-saving measures such as deployment of technology and machineries to reduce the labour required. We have also outsourced certain functions for some projects, such as cleaning and maintenance services, to third-party subcontractors while maintaining close supervision over their services to ensure service quality.

For illustrative purposes only, we set out below a sensitivity analysis of our profit for the periods indicated with reference to the fluctuation of labour costs during the Track Record Period. The following table demonstrates the impact of the hypothetical increase in labour costs on our net profit for the year/period, while all other factors remain unchanged:

	FY2016	**FY2017**	**FY2018**	**4M2018**	**4M2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of sales	178,019	254,805	399,738	103,242	156,792
Total profit for the year/period	23,194	19,821	27,090	10,055	9,914
Assuming 5% increase in our labour costs					
Impact on our cost of sales	6,404	8,890	13,703	3,887	5,692
Impact on profit for the year/period*Note*	4,803	6,668	10,277	2,915	4,269
Assuming 10% increase in our labour costs					
Impact on our cost of sales	12,809	17,781	27,406	7,774	11,385
Impact on profit for the year/period*Note*	9,607	13,335	20,554	5,831	8,539

Note: Impact on profit for the year/period was calculated assuming EIT of 25%.

Competition

The property management industry in the PRC is highly competitive and fragmented with over 100,000 companies operating in the industry in 2018, according to the Frost & Sullivan Report. We primarily compete against large national, regional and local property management companies based on a number of factors, including scale, branding, profitability and service quality. Our ability to effectively compete with these competitors and maintain or improve our market position depends on our ability to differentiate our Group from our competitors in the industry through ensuring our service quality and consistency. In addition, our ability to maintain our market position as a competitive and experienced property management service provider will affect our ability to source new preliminary property management agreements and property management agreements, and renew existing property management agreements to expand the number of property projects we manage and our GFA under management. If we fail to source new property management agreements or renew existing property management agreements and expand our GFA under management and services, our financial condition and results of operations may be adversely affected.

Our business mix

Our results of operations are affected by our business mix. During the Track Record Period, we operated primarily two business lines, namely property management services and community value-added services, which were of different profit margins. Any change in the structure of revenue contribution from our business lines or change in profit margin of any of such business lines may have a corresponding impact on our overall profit margin. For FY2016, FY2017, FY2018 and 4M2019, gross profit margins from property management services were 19.0%, 10.2%, 7.7% and 10.9%, respectively, and gross profit margins from community value-added services were 29.6%, 37.5%, 39.5% and 38.3%, respectively. While the community value-added services line possessed higher gross profit margin during the Track Record Period, revenue contribution from the community value-added services line has shown a downward trend during the Track Record Period. In addition, we provide property management services for residential properties and non-residential properties, which were of different profit margins. Any change of our property management portfolio may have an impact on our overall profit margin.

For further details of our revenue contribution by business segment, please see ''Description of certain combined statements of profit or loss and other comprehensive income items — Revenue'' and ''Description of certain combined statements of profit or loss and other comprehensive income items — Gross profit and gross profit margin'' in this section.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENT

We believe the following accounting policies, estimates and judgements are of critical importance to us in the preparation of our combined financial statements.

Significant accounting policies

We have identified certain accounting policies that are significant to the preparation of our Group's financial statements in accordance with IFRSs. For more information on the significant accounting policies, see Note 2.4 to the Accountants' Report in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates, as well as judgments relating to accounting items.

Revenue recognition

Revenue from contracts with customers

We recognise revenue from contracts with customers when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

(a) Provision of property management services

We recognise revenue from the provision of property management services over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by our Group.

(b) Provision of community value-added services

(i) Common area value-added services

Our common area value-added services mainly include (i) leasing out common area and advertisement space of properties such as elevator advertising spaces; and (ii) renting out common area for business operations. We profit from our common area value-added services by retaining a portion of the profits (generally 30% to 50%) generated from the common area in accordance with an agreed percentage and remit the rest to property owners or property owners' associations, and recognise revenue over time.

(ii) Fitness services

We charge our fitness members based on the following fee structures: (i) annual basis (i.e. RMB3,500 to RMB3,800 per year); (ii) per-use basis (i.e. RMB50 to RMB100 per entry); and (iii) private training session (i.e. RMB400 to RMB500 per session). Regarding (i) annual basis, we recognise revenue over time. As to (ii) per-use basis; and (iii) private training session, we recognise revenue when the services are rendered.

(iii) Community convenience services

Our community convenience services include (i) waste management services; (ii) home living services; (iii) vehicle charging services; (iv) express delivery and storage services; (v) laundry and car wash services; (vi) sale of agricultural product services and revenue are recognised when the services are rendered.

Other income

We recognise interest income on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Financial assets (under IAS 39 applicable before 1 January 2018)

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale ("**AFS**") financial assets. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income and gains in the statements of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statements of profit or loss and other comprehensive income in finance costs for loans and in other expenses for receivables.

Our Group assesses at the end of each of the Relevant Periods whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets (under IFRS 9 applicable from 1 January 2018)

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, at fair value through profit or loss, and at fair value through other comprehensive income.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Our Group measures financial assets at amortised cost if both of the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Our Group's financial assets at amortised cost include trade receivables, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which our Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before our Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when our Group performs under the contract.

Lease liabilities

At the commencement date of the lease, our Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by our Group and payments of penalties for terminating a lease, if the lease term reflects our Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, our Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Our Group applies the available practical expedients wherein it:

- Uses a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applies the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application; or
- Excludes the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Critical accounting estimates and judgements

Our estimates are based on historical experience, latest information and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ under different assumptions and conditions. For more information, see Note 3 to the Accountants' Report in Appendix I to this prospectus.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the financial years/periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Impairment on trade receivables

Our Group uses a provision matrix to calculate expected credit losses ("**ECLs**") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on our Group's historical observed default rates. Our Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., consumer price index) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on our Group's trade receivables is disclosed in Note 22 to the Accountants' Report in Appendix I to this prospectus.

Fair value of unlisted equity investments

If the market for a financial investment is not active, our Group estimates fair value by using valuation techniques as detailed in note 36 to the Accountants' Report in Appendix I to this prospectus. Our management need to make estimations on the significant unobservable inputs, such as discount rate, underlying investment's price, etc. If there is a change in any assumption of the above factors, the assessment of the fair value of financial investments will be affected.

PRC corporate income tax

Our Group is subject to corporate income tax in the PRC. As a result of the fact that certain matters relating to the income tax have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for the income tax to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in Note 18 to the Accountants' Report.

DESCRIPTION OF CERTAIN COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

The following table summarises the combined statements of profit or loss and other comprehensive income from the financial statements during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this prospectus:

	FY2016	**FY2017**	**FY2018**	**4M2018**	**4M2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
REVENUE	227,369	305,901	467,666	125,146	185,116
Cost of sales	(178,019)	(254,805)	(399,738)	(103,242)	(156,792)
GROSS PROFIT	49,350	51,096	67,928	21,904	28,324
Other income and gains	6,731	8,201	9,548	2,677	710
Selling and distribution expenses	(1,291)	(3,610)	(3,722)	(916)	(1,267)
Administrative expenses	(22,364)	(24,752)	(29,774)	(6,969)	(11,764)
Other expenses	(522)	(842)	(650)	(3)	(33)
Impairment losses on financial assets, net	–	–	(3,204)	(648)	(679)
Finance costs	(599)	(2,743)	(3,193)	(1,147)	(902)
PROFIT BEFORE TAX	31,305	27,350	36,933	14,898	14,389
Income tax expense	(8,111)	(7,529)	(9,843)	(4,843)	(4,475)
PROFIT FOR THE YEAR/PERIOD	23,194	19,821	27,090	10,055	9,914
OTHER COMPREHENSIVE INCOME					
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:					
Available-for-sale investments					
Change in fair value	223	(342)	–	–	–
Reclassification adjustments for gains included in the combined statement of profit or loss					
– gain on disposal	–	(223)	–	–	–
Income tax effect	(56)	141	–	–	–
	167	(424)	–	–	–
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR/PERIOD	167	(424)	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	**23,361**	**19,397**	**27,090**	**10,055**	**9,914**

Revenue

During the Track Record Period, we derived our revenue primarily from the following two major business lines:

(i) Property management services, which primarily include security services, cleaning services, car park management services, repair and maintenance of specialised elevators, escalators and mechanical car park equipment, gardening and landscaping services, daily repair and maintenance of equipment and machinery services and ancillary customer services, which contributed to 74.3%, 76.1%, 78.6%, 84.4% and 83.7% of our total revenue in FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively; and

(ii) Community value-added services, which primarily include common area value-added services, fitness services and community convenience services, which contributed to 25.7%, 23.9%, 21.4%, 15.6% and 16.3%, of our total revenue in FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively.

The following table sets out a breakdown of our revenue by business line for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Property management services	168,949	74.3	232,737	76.1	367,641	78.6	105,569	84.4	154,923	83.7
Community value-added services	58,420	25.7	73,164	23.9	100,025	21.4	19,577	15.6	30,193	16.3
Total	**227,369**	**100.0**	**305,901**	**100.0**	**467,666**	**100.0**	**125,146**	**100.0**	**185,116**	**100.0**

(i) Revenue from property management services

Revenue generated from property management services recorded an increasing trend during the Track Record Period, amounting to RMB168.9 million, RMB232.7 million, RMB367.6 million, RMB105.6 million, and RMB154.9 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019, primarily driven by the increase in number of residential and non-residential properties we manage as a result of our continuous business expansion. As at 31 December 2016, 2017 and 2018 and 30 April 2019, the number of properties we provided property management services was 63, 102, 162 and 197, respectively, and the GFA under management was 6.6 million sq.m., 10.8 million sq.m., 15.5 million sq.m., and 19.6 million sq.m..

The following table sets out a breakdown of our revenue from property management services by type of developers for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Properties developed by Yincheng International Holding Group/Yincheng Real Estate Group	64,500	38.2	75,165	32.3	87,758	23.9	24,885	23.6	35,001	22.6
Properties developed by independent third party property developers	104,449	61.8	157,572	67.7	279,883	76.1	80,684	76.4	119,922	77.4
Total	**168,949**	**100.0**	**232,737**	**100.0**	**367,641**	**100.0**	**105,569**	**100.0**	**154,923**	**100.0**

The table below sets out the breakdowns of (i) our GFA under management; (ii) the average management fee per sq.m.; and (iii) the number of our managed properties by type of developers as at the dates indicated:

	As at 31 December									As at 30 April		
	2016			2017			2018			2019		
	GFA (Note)	Number	Average fee	GFA (Note)	Number	Average fee	GFA (Note)	Number	Average fee	GFA (Note)	Number	Average fee
	('000 sq.m.)		*(RMB per sq.m./month)*	*('000 sq.m.)*		*(RMB per sq.m./month)*	*('000 sq.m.)*		*(RMB per sq.m./month)*	*('000 sq.m.)*		*(RMB per sq.m./month)*
Properties developed by Yincheng International Holding Group/Yincheng Real Estate Group	3,014	23	1.86	3,569	27	1.90	3,636	33	2.03	4,092	38	2.26
Properties developed by independent third party property developers	3,600	40	3.32	7,200	75	2.43	11,827	129	2.45	15,523	159	2.19
Total	6,614	63	2.55	10,769	102	2.23	15,463	162	2.34	19,615	197	2.27

Note:

The above GFA excludes service engagements solely for the provision of repair and maintenance of specialised elevators, escalators and mechanical car park equipment and gardening and landscaping services, without engaging our Group for other property management services.

During the Track Record Period, revenue generated from properties developed by independent third party property developers accounted for over 60% of revenue from property management services, amounting to RMB104.4 million, RMB157.6 million, RMB279.9 million, RMB80.7 million, and RMB119.9 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively. The continuous increase in both of revenue from properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group and revenue from properties developed by independent third party property developers was primarily due to the continuous increase in our GFA under management and number of properties we managed, respectively, during the Track Record Period.

The average property management fees of properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group was lower than that of properties developed by independent third party property developers as (i) most of our managed properties developed by independent third party property developers during the Track Record Period were secured from property owners' associations and therefore were not subject to price control, resulting in higher average property management fees. On the other hand, most of our managed properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group during the Track Record Period were secured and preliminary property management agreements were entered during preliminary stage and therefore were subject to price control, resulting in lower average property management fees; and (ii) during the Track Record Period, the property management fees of non-residential properties were generally higher than that of residential properties and most of our managed non-residential properties were developed by independent third party property developers, resulting in higher average property management fees for our managed properties developed by independent third party developers.

The following table sets out a breakdown of our revenue from property management services by revenue model for the periods indicated:

	FY2016		**FY2017**		**FY2018**		**4M2018**		**4M2019**	
	Revenue (RMB'000)	*Revenue (%)*	*Revenue (RMB'000)*	*Revenue (%)*	*Revenue (RMB'000)*	*Revenue (%)*	*Revenue (RMB'000)*	*Revenue (%)*	*Revenue (RMB'000)*	*Revenue (%)*
							(Unaudited)			
Lump sum basis	168,473	99.7	231,574	99.5	366,457	99.7	105,079	99.5	154,856	100.0
Commission basis	476	0.3	1,163	0.5	1,184	0.3	490	0.5	67	0.0
Total	**168,949**	**100.0**	**232,737**	**100.0**	**367,641**	**100.0**	**105,569**	**100.0**	**154,923**	**100.0**

During the Track Record Period, substantially all of our property management fees were charged on a lump sum basis with the remainder charged on a commission basis. Revenue from property management services recognised under commission basis accounted for less than 0.5% of our total revenue from property management services as we only manage a total of four properties under commission basis during the Track Record Period and we were managing one property under commission basis as at 30 April 2019. For further details regarding the difference of revenue recognition models, please see "Business — Property management services — Revenue model of property management services" in this prospectus.

The following table sets out a breakdown of our revenue from property management services by property type for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Residential properties	110,063	65.1	146,763	63.1	229,122	62.3	73,069	69.2	93,003	60.0
Non-residential properties	58,886	34.9	85,974	36.9	138,519	37.7	32,500	30.8	61,920	40.0
Total	**168,949**	**100.0**	**232,737**	**100.0**	**367,641**	**100.0**	**105,569**	**100.0**	**154,923**	**100.0**

Revenue from property management services generated from residential and non-residential properties generally increased during the Track Record Period, primarily driven by an increase in our total GFA under management as a result of our business expansion.

The following table sets out a breakdown of our revenue of our managed residential properties at different stages for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Preliminary stage *(Note)*	27,232	24.7	42,526	29.0	62,417	27.2	12,510	17.1	33,475	36.0
Property owners' association stages	82,831	75.3	104,237	71.0	166,705	72.8	60,559	82.9	59,528	64.0
Total	**110,063**	**100.0**	**146,763**	**100.0**	**229,122**	**100.0**	**73,069**	**100.0**	**93,003**	**100.0**

Note: Preliminary stage revenue refers to property management fees collected under our preliminary property management agreements.

The provision of our property management services is governed by (i) preliminary property management agreements entered into between the property developers and us before the newly developed properties are delivered to the property owners; or (ii) property management agreements entered into between the property owners' association and us, after the developed properties have been delivered to the property owners and the property owners' associations have been established in accordance with the PRC laws. Both of our revenue of residential properties from preliminary stage and property owners' association stage respectively were recorded upward trends during the Track Record Period. For further details regarding the different stages of residential properties, please see "Business — Property management services — Our property management agreements" in this prospectus.

The table below sets out the breakdown of our property management services revenue by geographic region for the periods indicated:

	FY2016		FY2017		FY2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Nanjing	153,537	90.9	213,025	91.5	320,070	87.1	130,174	84.0
Yangtze River Delta Megalopolis (excluding Nanjing)	15,412	9.1	19,712	8.5	47,571	12.9	24,749	16.0
Total	**168,949**	**100.0**	**232,737**	**100.0**	**367,641**	**100.0**	**154,923**	**100.0**

During the Track Record Period, over 80% of our property management services revenue were generated from properties located in Nanjing. We expect that our properties under management in Nanjing will continue to account for a significant portion of our operations in the near future. In addition to our established headquarters in Nanjing, as at the Latest Practicable Date, we had also established a branch office in Wuxi to facilitate the expansion of the geographical scope of our operations, while maintaining service quality as well as minimising and controlling discrepancies in service standards across different regions and different properties under our management. We believe that the establishment of the branch office in Wuxi will help us prepare for further expansion of our operations and enable us to better capitalise on economies of scale.

(ii) Revenue from community value-added services

The following table sets out a breakdown of our revenue of community value-added services by type for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Common area value-added services	33,944	58.1	47,022	64.3	65,520	65.5	12,137	62.0	20,518	68.0
Fitness services	19,330	33.1	19,288	26.4	21,830	21.8	5,100	26.1	6,711	22.2
Community convenience services	5,146	8.8	6,854	9.4	12,675	12.7	2,340	11.9	2,964	9.8
	58,420	100.0	73,164	100.0	100,025	100.0	19,577	100.0	30,193	100.0

Revenue generated from community value-added services have been continuously increasing during the Track Record Period, amounting to RMB58.4 million, RMB73.2 million, RMB100.0 million, for FY2016, FY2017 and FY2018 and amounting to RMB19.6 million and RMB30.2 million for 4M2018 and 4M2019, primarily driven by the increase in number of projects we manage and expansion of our service scope as a result of our continuous business development.

Cost of sales

Our cost of sales consists of labour costs, subcontracting costs, equipment operation and facility maintenance costs, material costs, depreciation of right-of-use assets, office expenses and others.

The following table sets out, for the periods indicated, a breakdown of our cost of sales by nature:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Labour costs	128,087	72.0	177,806	69.8	274,056	68.6	77,742	75.3	113,847	72.6
Subcontracting costs	15,315	8.6	24,384	9.6	40,717	10.2	8,122	7.9	17,069	10.9
Equipment operation and facility maintenance costs	14,025	7.9	24,299	9.5	41,778	10.5	8,349	8.1	10,638	6.8
Material costs	5,986	3.4	8,690	3.4	13,167	3.3	1,979	1.9	5,599	3.6
Depreciation of right-of-use assets	5,287	3.0	8,753	3.4	5,641	1.4	1,936	1.9	1,975	1.3
Office expenses	4,847	2.7	5,411	2.1	15,159	3.8	2,335	2.3	3,524	2.2
Others	4,472	2.4	5,462	2.1	9,220	2.3	2,779	2.7	4,139	2.6
Total	**178,019**	**100.0**	**254,805**	**100.0**	**399,738**	**100.0**	**103,242**	**100.0**	**156,792**	**100.0**

During the Track Record Period, the main factors affecting our cost of sales were our labour costs. The increase in labour costs during the Track Record Period was mainly due to the increase in number of employees as a result of our business expansion and an increase in the average salary due to increase in the minimum wages in accordance with government's policies.

Subcontracting costs mainly include the fees paid for the services outsourced to subcontractors, such as cleaning and maintenance of equipment and machinery services. The increase in subcontracting costs during the Track Record Period was mainly due to the increase in our GFA under management resulting from the expansion of our property management service business.

Equipment operation and facility maintenance costs mainly represent regular operational and maintenance costs for equipment and facilities we used for our property management services, and the increase was mainly due to increase in number of projects we manage as a result of our continuous business expansion.

Depreciation of right-of-use assets mainly represent rental expenses of properties leased for operation of our fitness centres during the Track Record Period, and the amounts remained relatively stable during the respective years/periods.

Gross profit and gross profit margin

Our overall gross profit margin in FY2016, FY2017, FY2018, 4M2018 and 4M2019 was 21.7%, 16.7%, 14.5%, 17.5% and 15.3%, respectively. Our overall gross profit margins are affected by gross profit margins for each of our business lines as well as fluctuations in our business mix. Gross profit margins for property management services were generally lower than gross profit margins for community value-added services as fewer labour costs were incurred and allocated to our community value-added services provided to property owners and residents. Our gross profit margin experienced a downward trend during the Track Record Period, primarily due to (i) higher costs incurred in the initial stage of projects when we were engaged to replace then existing property management companies, in order to improve the overall conditions of such properties to meet our usual service standards, which caused the profitability for our projects in their first two to three years to be generally low and resulted in the decrease of our gross profit margins during the Track Record Period due to our continuous business expansion. The number of contracts involved with respect to residential properties and non-residential properties where our Group was engaged to replace the then existing property management companies during the Track Record Period was 46 and 59, respectively. In general, residential properties incur higher costs in the initial stage of projects. Costs incurred in the initial stage of projects mainly refer to the costs incurred for overhaul, repair and renovation of public facilities for properties we took over, such as renovation of residential access control and rainwater pipes, construction of community road and parking lot, upgrade of monitoring system and fire protection. In particular, we have recorded eight, 20, 35 and 35 loss-making projects for FY2016, FY2017, FY2018 and 4M2019, respectively, and these projects are expected to make profits in their respective third years and going forward; and (ii) the increase in average salary for our employees as a result of the increase of minimum wages in accordance with government's policies.

The following table sets out a breakdown of our gross profit and gross profit margin by business line for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	Gross profit RMB'000	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*
							(Unaudited)			
Property management services	32,047	19.0	23,690	10.2	28,460	7.7	12,263	11.6	16,770	10.9
Community value-added services	17,303	29.6	27,406	37.5	39,468	39.5	9,641	49.3	11,554	38.3
Total	**49,350**	**21.7**	**51,096**	**16.7**	**67,928**	**14.5**	**21,904**	**17.5**	**28,324**	**15.3**

(i) Gross profit and gross profit margin from property management services

Gross profit and gross profit margin from property management services decreased during the Track Record Period, primarily attributable to (i) higher costs incurred in the initial stage of projects when we were engaged to replace then existing property management companies, in order to improve the overall conditions of such properties to meet our usual service standards, which caused the profitability for our projects in their first two to three years to be generally low and resulted in the decrease of our gross profit margins during the Track Record Period due to our continuous business expansion. The number of contracts involved with respect to residential properties and non-residential properties where our Group was engaged to replace the then existing property management companies during the Track Record Period was 46 and 59, respectively. In general, residential properties incur higher costs in the initial stage of projects. In particular, we have recorded eight, 20, 35 and 35 loss-making projects for FY2016, FY2017, FY2018 and 4M2019, respectively, and these projects are expected to make profits in their respective third years and going forward; and (ii) the increase in average salary for our employees as a result of the increase of minimum wages in accordance with government's policies.

The following table sets out a breakdown of our gross profit and gross profit margin from property management services by developer type for the periods indicated:

	FY2016		**FY2017**		**FY2018**		**4M2018**		**4M2019**	
	Gross profit RMB'000	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*
							(Unaudited)			
Properties developed by Yincheng International Holding Group/Yincheng Real Estate Group	12,403	19.2	9,824	13.1	9,013	10.3	3,402	13.7	4,207	12.0
Properties developed by independent third party property developers	19,644	18.8	13,866	8.8	19,447	7.0	8,861	11.0	12,563	10.6
Total	**32,047**	**19.0**	**23,690**	**10.2**	**28,460**	**7.7**	**12,263**	**11.6**	**16,770**	**10.9**

Our gross profit from properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group amounted to RMB12.4 million, RMB9.8 million, RMB9.0 million, RMB3.4 million and RMB4.2 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively. The continuous decrease was primarily attributable to (i) during FY2017 and FY2018 one-off investment costs incurred for intelligent systems in properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group as our Group intended to use properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group as pilot projects to implement intelligent systems; and (ii) to maintain our service quality, our Group repaired and replaced the property management facilities in certain properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group, thereby lowered our gross profit margin during the Track Record Period.

Our gross profit from properties developed by independent third party property developers amounted to RMB19.6 million, RMB13.9 million, RMB19.4 million, RMB8.9 million and RMB12.6 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively. The relatively low gross profit for FY2017 was primarily attributable to higher costs incurred in the initial stage of projects when we were engaged to replace the then existing property management companies, in order to improve the overall conditions of such properties to meet our usual service standards, which caused the profitability for our projects in their first two to three years to be generally low and resulted in the decrease of our gross profit margins during the Track Record Period due to our continuous business expansion, and we recorded a turnaround of gross profit for properties developed by independent third party property developers in FY2018 as many of new projects commenced in FY2016 started to make profits in that year.

Our gross profit margin from properties developed by Yincheng International Holding Group and/or Yincheng Real Estate Group was 19.2%, 13.1%, 10.3%, 13.7% and 12.0% for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively. Our gross profit margin from properties developed by independent third party property developers was 18.8%, 8.8%, 7.0%, 11.0% and 10.6% for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively. The continuous decrease in gross profit margin for both types of properties was primarily attributable to similar reasons for their respective decreases in gross profit during the Track Record Period.

The following table sets out a breakdown of our gross profit and gross profit margin from property management services by property type for the periods indicated:

	FY2016		**FY2017**		**FY2018**		**4M2018**		**4M2019**	
	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)			
Residential properties	19,198	17.4	11,241	7.7	12,655	5.5	7,234	9.9	8,801	9.5
Non-residential properties	12,849	21.8	12,449	14.5	15,805	11.4	5,029	15.5	7,969	12.9
Total	**32,047**	**19.0**	**23,690**	**10.2**	**28,460**	**7.7**	**12,263**	**11.6**	**16,770**	**10.9**

Gross profit generated from residential properties was relatively higher for FY2016, primarily due to more loss-making projects recorded for FY2017, FY2018 and 4M2019, as a result of our continuous business expansion.

(ii) Gross profit and gross profit margin from community value-added services

The following table sets out a breakdown of our gross profit and gross profit margin of community value-added services by type for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	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)			
Common area value-added services *(Note 1)*	13,889	40.9	22,386	47.6	34,553	52.7	8,151	67.2	10,648	51.9
Fitness services *(Note 2)*	2,745	14.2	3,044	15.8	1,661	7.6	796	15.6	62	0.9
Community convenience services *(Note 3)*	669	13.0	1,976	28.8	3,254	25.7	694	29.7	845	28.5
Total	**17,303**	**29.6**	**27,406**	**37.5**	**39,468**	**39.5**	**9,641**	**49.2**	**11,554**	**38.3**

Notes:

1. For FY2016, FY2017, FY2018 and 4M2019, major cost of sales of our common area value-added services mainly includes labour cost which amounted to approximately RMB13.6 million, RMB16.9 million, RMB20.8 million and RMB6.6 million, respectively, representing approximately 68.1%, 69.0%, 68.0% and 68.8% of our total cost of sales of common area value-added services for the corresponding periods, respectively.

2. For FY2016, FY2017, FY2018 and 4M2019, major cost of sales of our fitness services mainly includes labour cost and operating costs such as rent and utility costs. During the Track Record Period, (i) labour costs of our fitness services amounted to approximately RMB12.7 million, RMB12.9 million, RMB14.5 million and RMB4.9 million, respectively, representing approximately 76.7%, 79.4%, 72.1% and 73.4% of our total cost of sales of fitness services; and (ii) operating costs amounted to RMB1.3 million, RMB1.3 million, RMB1.4 million and RMB0.6 million, respectively, representing approximately 7.9%, 8.1%, 6.7% and 8.5% of our total cost of sales of fitness services, respectively.

3. For FY2016, FY2017, FY2018 and 4M2019, major cost of sales of community convenience services mainly includes labour cost which amounted to approximately RMB4.1 million, RMB4.5 million, RMB8.0 million and RMB1.8 million, representing approximately 91%, 92%, 85% and 86% of total cost of sales of community convenience services for the corresponding periods, respectively.

Gross profit generated from community value-added services have been continuously increasing during the Track Record Period, amounting to RMB17.3 million, RMB27.4 million, and RMB39.5 million, for FY2016, FY2017 and FY2018 and amounting to RMB9.6 million and RMB11.6 million for 4M2018 and 4M2019, respectively, generally in line with the increase in our revenue as a result of our continuous business expansion during the respective periods.

Gross profit margin generated from community value-added services was 29.6%, 37.5%, 39.5%, 49.3% and 38.3% for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively. The continuous increase was mainly attributable to the development of our community value-added services as a result of our business expansion. Our gross profit margin for fitness services experienced continuous decrease, which was primarily due to (i) the rising staff costs for our employees at the fitness centres as a result of the increase of minimum wages in accordance with government's policies; and (ii) the significant initial investment costs of one 24-hour operated fitness room which had commenced operation and two 24-hour operated fitness rooms which are about to commence operation. Our gross profit margin for community convenience services improved in FY2017 as a result of our expansion of service offering which include express delivery and storage services and vehicle charging services with higher gross profit margin.

Other income and gains

Other income and gains mainly represents, investment income from unlisted fund investments purchased from banks and qualified financial institutions, government grants from support and development fund, gain on bargain purchase of Nanjing Kangcheng and Nanjing Libiao, gain on disposal of items of property plant and equipment, interest income from bank deposits and others.

The following table sets out a breakdown of our other income and gains for the periods indicated:

	FY2016		**FY2017**		**FY2018**		**4M2018**		**4M2019**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Investment income *(Note)*	2,462	36.6	5,686	69.3	6,598	69.1	2,471	92.3	469	66.1
Government grants	2,856	42.4	1,855	22.6	2,564	26.9	118	4.4	66	9.3
Gain on bargain purchase	1,023	15.2	–	–	–	–	–	–	–	–
Gain on disposal of items of property, plant and equipment	–	–	1	0.0	48	0.5	–	–	–	–
Interest income	297	4.4	134	1.6	169	1.8	62	2.3	149	21.0
Others	93	1.4	525	6.4	169	1.8	26	1.0	26	3.7
Total	**6,731**	**100.0**	**8,201**	**100.0**	**9,548**	**100.0**	**2,677**	**100.0**	**710**	**100.0**

Note: For FY2016, FY2017, FY2018 and 4M2019, our Group had made investments in unlisted fund investments and limited partnership investments which were classified as available-for-sale investments as at 31 December 2016 and 2017, and financial assets at fair value through profit or loss as at 31 December 2018 and 30 April 2019, under IFRS 9 that we have adopted since 1 January 2018. Save for the unlisted fund investment which was classified as available-for-sale investments of our Group's current assets in the combined statements of financial position as at 31 December 2016, all of our Group's unlisted fund investments were either disposed of or redeemed by our Group before the respective year or period end during the Track Record Period. As such, no unlisted fund investment was stated in the combined statements of financial position as at 31 December 2017, 2018 and 30 April 2019, respectively. Nevertheless, the income generated from these short-term investments were recorded as investment income of our Group during the Track Record Period.

Selling and distribution expenses

Our selling and distribution expenses consist primarily of staff costs, advertising and promotional expenses, office expenses, business development expenses, travelling expenses and others. Staff costs represent salaries, benefits and welfares paid to our sales personnel. Advertising and promotional expenses include expenses incurred for advertising and marketing of our services. Office expenses relate to office equipment and supply expenses used by sales personnel. Others include miscellaneous expenses incurred in relation to our sales activities.

The following table sets out a breakdown of our selling and distribution expenses for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Staff costs	788	61.0	1,390	38.5	1,515	40.7	413	45.1	450	35.5
Advertising and promotional expenses	68	5.3	1,406	38.9	429	11.5	90	9.8	143	11.3
Office expenses	50	3.9	400	11.1	1,057	28.4	275	30.0	343	27.1
Business development expenses	34	2.6	64	1.8	165	4.4	19	2.1	108	8.5
Travelling expenses	36	2.8	64	1.8	131	3.5	16	1.7	103	8.1
Others	314	24.3	285	7.9	423	11.4	103	11.2	119	9.4
Total	**1,291**	**100.0**	**3,610**	**100.0**	**3,722**	**100.0**	**916**	**100.0**	**1,267**	**100.0**

Administrative expenses

Administrative expenses primarily include staff costs, professional fees, office expenses, business development expenses, rental expenses, travelling expenses, depreciation and amortisation, bank charges, taxes, listing expenses and others.

The following table sets out a breakdown of our administrative expenses for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Staff costs	12,636	56.5	17,981	72.6	20,722	69.6	5,662	81.2	7,149	60.8
Professional fees	6,112	27.3	540	2.2	297	1.0	–	–	188	1.5
Office expenses	710	3.2	1,664	6.7	1,921	6.5	219	3.1	339	2.9
Business development expenses	610	2.7	966	3.9	1,963	6.6	167	2.4	562	4.8
Rental expenses	426	1.9	426	1.7	426	1.4	142	2.0	142	1.2
Travelling expenses	327	1.5	440	1.8	496	1.7	93	1.3	537	4.6
Depreciation and amortisation	232	1.0	540	2.2	889	3.0	230	3.3	338	2.9
Bank charges	210	0.9	269	1.1	359	1.2	191	2.7	237	2.0
Taxes	70	0.3	229	0.9	701	2.4	33	0.5	20	0.2
Listing expenses	–	–	–	–	–	–	–	–	1,969	16.7
Others	1,031	4.7	1,697	6.9	2,000	6.6	232	3.5	283	2.4
Total	**22,364**	**100.0**	**24,752**	**100.0**	**29,774**	**100.0**	**6,969**	**100.0**	**11,764**	**100.0**

Other expenses

Other expenses mainly include impairment loss on trade receivables, impairment loss on other receivables, fair value change of financial assets and others such as penalties.

The following table sets out a breakdown of our other expenses for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Impairment loss on trade receivables	390	74.7	733	87.1	–	–	–	–	–	–
Impairment loss on other receivables	–	–	79	9.4	–	–	–	–	–	–
Fair value change of financial assets	–	–	–	–	410	63.1	–	–	–	–
Others	132	25.3	30	3.6	240	36.9	3	100.0	33	100.0
Total	**522**	**100.0**	**842**	**100.0**	**650**	**100.0**	**3**	**100.0**	**33**	**100.0**

Impairment losses on financial assets, net

Under IFRS 9 applicable from 1 January 2018, impairment losses on trade receivables and other receivables are recognised as impairment losses on financial assets. Our impairment losses on financial assets, net include impairment loss on trade receivables which amounted to nil, nil, RMB2.9 million, RMB0.7 million and RMB0.2 million for FY2016, FY2017, FY2018, 4M2018 and 4M2019, respectively, and impairment loss on other receivables which amounted to nil, nil, RMB0.3 million, nil and RMB0.5 million for the respective years/periods.

Finance costs

Finance costs mainly include interest on bank borrowings and interest on lease liabilities in relation to lease liabilities recorded for properties leased by our Group for operation of our offices and fitness centers.

The following table sets out a breakdown of our finance costs for the periods indicated:

	FY2016		FY2017		FY2018		4M2018		4M2019	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
							(Unaudited)			
Interest on bank borrowings	85	14.2	2,287	83.4	1,806	56.6	691	60.2	518	57.4
Interest on lease liabilities	514	85.8	456	16.6	1,387	43.4	456	39.8	384	42.6
Total	**599**	**100.0**	**2,743**	**100.0**	**3,193**	**100.0**	**1,147**	**100.0**	**902**	**100.0**

Income tax expense

Our Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of our Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the BVI, our Group's subsidiaries incorporated in the Cayman Islands and the BVI are not subject to any income tax. Our Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the Track Record Period.

Our income tax refers to PRC enterprises income tax at a tax rate of 25% on taxable profits of our subsidiaries incorporated in the PRC. Some subsidiaries of our Group are qualified as small low-profit enterprises and thus subject to a preferential tax rate of 10% for the Track Record Period.

Income tax comprises current tax and movements in deferred tax assets and liabilities. Current tax represents the estimated tax payable on the taxable income for the reporting period, using tax rates enacted at the end of such reporting period, plus any adjustment to tax payable in respect of previous reporting periods. For more information on the deferred tax assets and liabilities, see Note 11 of the Accountants' Report in Appendix I to this prospectus.

	FY2016	FY2017	FY2018	4M2018	4M2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax					
PRC enterprises income tax	8,214	7,709	11,188	4,945	5,404
Deferred tax	(103)	(180)	(1,345)	(102)	(929)
Total tax charge for the year/period	**8,111**	**7,529**	**9,843**	**4,843**	**4,475**

For FY2016, FY2017, FY2018, 4M2018 and 4M2019, our effective income tax rates were 25.9%, 27.5%, 26.7%, 32.5% and 31.1%, respectively. Our effective income tax rates were generally higher than the EIT rate of 25%, mainly as a results of tax losses not recognised for certain subsidiaries during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we had paid all applicable taxes when due and there were no matters in dispute or unresolved with any tax authorities.

REVIEW OF HISTORICAL RESULTS OF OPERATION

4M2019 compared to 4M2018

Revenue

Our revenue increased by 47.9% from RMB125.1 million for 4M2018 to RMB185.1 million for 4M2019, primarily due to an increase in our revenue from both of our business lines.

Revenue from property management services increased by 46.8% from RMB105.6 million for 4M2018 to RMB154.9 million for 4M2019. This increase was primarily due to the increase in number of residential and non-residential properties we manage as a result of our continuous business expansion.

Revenue from community value-added services increased by 54.2% from RMB19.6 million for 4M2018 to RMB30.2 million for 4M2019. This increase was primarily due to the increase in number of projects we manage as a result of our continuous business expansion.

Cost of sales

Our cost of sales increased by 51.9% from RMB103.2 million for 4M2018 to RMB156.8 million for 4M2019, primarily due to (i) the increase in labour costs by RMB36.1 million as a result of the increase in the number of employees due to the expansion of our business and the increase in the average salary as a result of the increase of minimum wages in accordance with government's policies; and (ii) the increase in subcontracting costs by RMB8.9 million as a result of the increase in number of properties we manage.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 29.3% from RMB21.9 million for 4M2018 to RMB28.3 million for 4M2019. Our gross profit margin decreased from 17.5% for 4M2018 to 15.3% for 4M2019. This decrease was primarily due to (i) higher costs incurred in the initial stage of projects when we were engaged to replace then existing property management companies, in order to improve the overall conditions of such properties to meet our usual service standards, which caused the profitability for our projects in their first two to three years to be generally low and resulted in the decrease of our gross profit margins during the Track Record Period due to our continuous business expansion; and (ii) the increase in average salary for our employees as a result of the increase of minimum wages in accordance with government's policies.

Other income and gains

Our other income and gains decreased by 73.5% from RMB2.7 million for 4M2018 to RMB0.7 million for 4M2019, primarily due to the decrease in investment income from unlisted fund investments by RMB2.0 million as we redeemed unlisted fund investments near year end of FY2018.

Selling and distribution expenses

Our selling and distribution expenses increased by 38.3% from RMB0.9 million for 4M2018 to RMB1.3 million for 4M2019, which was generally in line with the increase in revenue.

Administrative expenses

Our administrative expenses increased by 68.8% from RMB7.0 million for 4M2018 to RMB11.8 million for 4M2019, primarily due to (i) the increase in staff costs by RMB1.5 million as a result of the increase in number of employees due to our continuous business expansion; and (ii) the non-recurring listing expenses by RMB2.0 million.

Other expenses

We incurred minimal other expenses at RMB3,000 and RMB33,000 for 4M2018 and 4M2019.

Impairment losses on financial assets, net

Our impairment losses on financial assets, net remained relatively stable at RMB0.7 million and RMB0.7 million for 4M2018 and 4M2019.

Finance costs

Our finance costs decreased by 21.4% from RMB1.1 million for 4M2018 to RMB0.9 million for 4M2019, primarily attributable to the decrease in interest on bank borrowings by RMB0.2 million.

Income tax expense

Our income tax expense decreased by 7.6% from RMB4.8 million for 4M2018 to RMB4.5 million for 4M2019 which was generally in line with the decrease in profit before tax.

Profit for the period

Our profit for the period remained relatively stable at RMB10.1 million for 4M2018 and RMB10.0 million for 4M2019, primarily as a combined result of (i) the increase in gross profit by RMB6.4 million; (ii) the decrease in investment income by RMB2.0 million; and (iii) the non-recurring listing expenses of RMB2.0 million.

FY2018 compared to FY2017

Revenue

Our revenue increased by 52.9% from RMB305.9 million for FY2017 to RMB467.7 million for FY2018, primarily due to an increase in our revenue from both of our business lines.

Revenue from property management services increased by 58.0% from RMB232.7 million for FY2017 to RMB367.6 million for FY2018. This increase was primarily due to the increase in number of residential and non-residential properties we manage as a result of our continuous business expansion.

Revenue from community value-added services increased by 36.7% from RMB73.2 million for FY2017 to RMB100.0 million for FY2018. This increase was primarily due to the increase in number of projects we manage as a result of our continuous business expansion.

Cost of sales

Our cost of sales increased by 56.9% from RMB254.8 million for FY2017 to RMB399.7 million for FY2018, primarily due to (i) the increase in labour costs by RMB96.2 million as a result of the increase in the number of employees due to the expansion of our business and an increase in the average salary as a result of the increase of minimum wages in accordance with government's policies; and (ii) the increase in equipment operation and facility maintenance costs by RMB17.5 million and the increase in subcontracting costs by RMB16.3 million as a result of the increase in number of properties we manage.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 32.9% from RMB51.1 million for FY2017 to RMB67.9 million for FY2018. Our gross profit margin decreased from 16.7% for FY2017 to 14.6% for FY2018. This decrease was primarily due to (i) higher costs incurred in the initial stage of projects when we were engaged to replace then existing property management companies, in order to improve the overall conditions of such properties to meet our usual service standards, which caused the profitability for our projects in their first three years to be generally low and resulted in the decrease of our gross profit margins during the Track Record Period due to our continuous business expansion. In particular, we recorded 20 and 35 loss-making projects for FY2017 and FY2018, respectively, and these projects are expected to make profits in their respective third years and going forward; and (ii) the increase in average salary for our employees as a result of the increase of minimum wages in accordance with government's policies.

Other income and gains

Our other income and gains increased by 16.4% from RMB8.2 million for FY2017 to RMB9.5 million for FY2018, primarily due to the increase in investment income by RMB0.9 million and the increase in government grants by RMB0.7 million.

Selling and distribution expenses

Our selling and distribution expenses remained relatively stable at RMB3.6 million and RMB3.7 million for FY2017 and FY2018, respectively.

Administrative expenses

Our administrative expenses increased by 20.3% from RMB24.8 million for FY2017 to RMB29.8 million for FY2018, primarily due to the increase in staff costs incurred by administrative staff by RMB2.7 million as a result of the increase in number of employees due to our business expansion and the increase in average salary.

Other expenses

Our other expenses remained relatively stable at RMB0.9 million for FY2017 and RMB0.7 million for FY2018, respectively.

Impairment losses on financial assets, net

Our impairment losses on financial assets, net increased from nil for FY2017 to RMB3.2 million for FY2018 as a result of adoption of IFRS 9 on 1 January 2018.

Finance costs

Our finance costs increased by 16.4% from RMB2.7 million for FY2017 to RMB3.2 million for FY2018, primarily attributable to the increase in interest on lease liabilities by RMB0.9 million as a result of one newly signed lease agreement to rent an office in Wuxi.

Income tax expense

Our income tax expense increased by 30.7% from RMB7.5 million for FY2017 to RMB9.8 million for FY2018, which was primarily attributable to our increase in profit before tax.

Profit for the year

As a result of the foregoing, our profit for the year increased by 36.7% from RMB19.8 million for FY2017 to RMB27.1 million for FY2018.

FY2017 compared to FY2016

Revenue

Our revenue increased by 34.5% from RMB227.4 million for FY2016 to RMB305.9 million for FY2017, primarily due to an increase in our revenue from both of our business lines.

Revenue from property management services increased by 37.8% from RMB168.9 million for FY2016 to RMB232.7 million for FY2017. This increase was primarily due to the increase in number of residential and non-residential properties we manage as a result of our continuous business expansion.

Revenue from community value-added services increased by 25.2% from RMB58.4 million for FY2016 to RMB73.2 million for FY2017. This increase was primarily due to the increase in number of projects we manage as a result of our continuous business expansion.

Cost of sales

Our cost of sales increased by 43.1% from RMB178.0 million for FY2016 to RMB254.8 million for FY2017, primarily due to (i) the increase in labour costs by RMB49.7 million as a result of the increase in number of employees attributable to our business expansion and an increase in the average salary as a result of the increase of minimum wages in accordance with government's policies; and (ii) the increase in equipment operation and facility maintenance costs by RMB10.3 million and the increase in subcontracting costs by RMB9.1 million as a result of the increase in number of properties we manage.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 3.5% from RMB49.4 million for FY2016 to RMB51.1 million for FY2017. Our gross profit margin decreased from 21.7% for FY2016 to 16.7% FY2017. This decrease was primarily due to higher costs incurred in the initial stage of projects when we were engaged to replace then existing property management companies, in order to improve the overall conditions of such properties to meet our usual service standards, which caused the profitability for our projects in their first two to three years to be generally low and resulted in the decrease of our gross profit margins during the Track Record Period due to our continuous business expansion. In particular, we recorded eight and 20 loss-making projects for FY2016 and FY2017, respectively, and these projects are expected to make profits in their respective third years and going forward; and the increase in average salary for our employees as a result of the increase of minimum wages in accordance with government's policies.

Other income and gains

Our other income and gains increased by 21.8% from RMB6.7 million for FY2016 to RMB8.2 million for FY2017, primarily due to the increase in investment income by RMB3.2 million.

Selling and distribution expenses

Our selling and distribution expenses increased by 179.6% from RMB1.3 million for FY2016 to RMB3.6 million for FY2017, primarily due to the increase in advertising and promotional expenses by RMB1.3 million mainly for costs incurred to make advertising videos to promote our Group's brand and the increase in staff costs incurred by sales personnel by RMB0.6 million.

Administrative expenses

Our administrative expenses increased by 10.7% from RMB22.4 million for FY2016 to RMB24.8 million for FY2017, primarily due to (i) the increase in staff costs by RMB5.4 million; and (ii) the increase in office expenses by RMB1.0 million; which was partially offset by the decrease in professional fees by RMB5.6 million mainly attributable to consultancy expenses incurred by our Group for strategic consulting during FY2016.

Other expenses

Our other expenses increased by 61.3% from RMB0.5 million for FY2016 to RMB0.8 million for FY2017, primarily attributable to the increase in impairment losses on trade receivables by RMB0.3 million which was generally in line with the increase in trade receivables balances.

Finance costs

Our finance costs increased by 357.9% from RMB0.6 million for FY2016 to RMB2.7 million for FY2017, primarily due to the increase in interest on bank borrowings by RMB2.2 million as we entered into a loan agreement in December 2016.

Income tax expense

Our income tax expense decreased by 7.2% from RMB8.1 million for FY2016 to RMB7.5 million for FY2017, which was primarily attributable to our decrease in profit before tax.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 14.5% from RMB23.2 million for FY2016 to RMB19.8 million for FY2017.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

Our primary uses of cash are for the payment of staff costs, purchases from suppliers, various operating expenses and capital expenditure and have been funded through a combination of cash generated from our operations and bank borrowings. We currently expect that there will not be any material change in the sources and uses of cash of our Group in the future, except that we would have additional funds from proceeds of the Global Offering for implementing our future plans as detailed under the section headed "Future Plans and Use of Proceeds" in this prospectus.

The following table summarises, for the periods indicated, our statements of cash flows:

	FY2016	**FY2017**	**FY2018**	**4M2018**	**4M2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net cash from/(used in) operating activities	52,290	45,172	35,714	(22,877)	(16,314)
Net cash (used in)/from investing activities	(19,071)	24,748	(104,509)	(126,699)	(31,396)
Net cash from/(used in) financing activities	45,887	(12,124)	(12,369)	253	(2,561)
Net increase/(decrease) in cash and cash equivalents	79,106	57,796	(81,164)	(149,323)	(50,271)
Cash and cash equivalents at beginning of year/period	65,630	144,736	202,532	202,532	121,368
Cash and cash equivalents at end of year/period	144,736	202,532	121,368	53,209	71,097

Operating activities

During our Track Record Period, our cash inflow from operating activities was principally from the receipt of proceeds for our services. Our cash outflow used in operating activities was principally for payment of labour costs, payment of subcontracting costs and purchases of materials.

For 4M2019, our Group had net cash used in operating activities amounting to RMB16.3 million, which was primarily a combined result of operating cash inflow before movements in working capital of RMB19.6 million, income tax paid of RMB11.8 million and increase in working capital of RMB23.9 million. Increase in working capital were primarily reflected by (i) increase in trade receivables by RMB27.0 million which was partially due to the seasonality of cash collections of these trade receivables; For further details, please see "Risk factor — Risks relating to our business and industry — The collection of our trade receivables is subject to seasonal fluctuations." in this prospectus; (ii) increase in prepayments, deposits and other receivables by RMB7.8 million; and (iii) decrease in trade payables by RMB5.9 million; which was partially offset by (i) decrease in amounts due from related companies by RMB10.0 million; (ii) increase in other payables, deposits received and accruals by RMB1.2 million; and (iii) increase in contract liabilities by RMB6.4 million. For further details, please see "Risk factor — Risk relating to our business and industry — The collection of our trade receivables is subject to seasonal filtrations" in this prospectus.

For FY2018, our Group had net cash from operating activities amounting to RMB35.7 million, which was primarily a combined result of operating cash inflow before movements in working capital of RMB47.6 million, income tax paid of RMB7.9 million and increase in working capital of RMB2.3 million. Increase in working capital were primarily reflected by (i) increase in trade receivables by RMB28.3 million; (ii) increase in amounts due from related companies by RMB21.6 million; and (iii) increase in prepayments, deposits and other receivables by RMB8.0 million; which was partially offset by (i) increase in contract liabilities by RMB26.6 million; (ii) increase in other payables, deposits received and accruals by RMB18.2 million; and (iii) increase in trade payables by RMB9.2 million.

For FY2017, our Group had net cash from operating activities amounting to RMB45.2 million, which was primarily a combined result of operating cash inflow before movements in working capital of RMB32.7 million, income tax paid of RMB5.5 million and decrease in working capital of RMB20.2 million. Decrease in working capital were primarily reflected by (i) increase in contract liabilities by RMB31.1 million; (ii) increase in other payables, deposits received and accruals by RMB16.9 million; and (iii) increase in trade payables by RMB1.8 million, which was partially offset by (i) increase in trade receivables by RMB13.1 million; (ii) increase in amounts due from related companies by RMB11.6 million; and (iii) increase in prepayments, deposits and other receivables by RMB5.0 million.

For FY2016, our Group had net cash from operating activities amounting to RMB52.3 million, which was primarily a combined result of operating cash inflow before movements in working capital of RMB35.9 million, income tax paid of RMB6.0 million and decrease in working capital of RMB22.1 million. Decrease in working capital were primarily reflected by (i) increase in contract liabilities by RMB16.3 million; (ii) increase in other payables, deposits received and accruals by RMB8.9 million; (iii) decrease in amounts due from related companies by RMB6.5 million; and which was partially offset by (i) increase in trade receivables by RMB7.4 million; (ii) increase in prepayments, deposits and other receivables by RMB1.5 million.

Investing activities

During the Track Record Period, our cash inflow from investing activities was principally redemption of available-for-sale investments and receipts of advances to related companies. Our cash outflow used in investing activities was principally for advances to related companies, purchases of property, plant and equipment and increase of available-for-sale investments.

For 4M2019, our Group had net cash used in investing activities of RMB31.4 million, primarily attributable to (i) advances to related companies of RMB104.7 million; (ii) purchase of financial assets at fair value through profit or loss of RMB32.0 million; and (iii) purchase of property, plant and equipment of RMB11.3 million; which was partially offset by (i) payment of advance to related companies of RMB86.0 million; and (ii) withdrawal of financial assets at fair value through profit or loss of RMB32.0 million.

For FY2018, our Group had net cash used in investing activities of RMB104.5 million, primarily attributable to (i) purchase of financial assets at fair value through profit or loss of RMB405.3 million; (ii) advances to related companies of RMB100.8 million; and (iii) purchase of property, plant and equipment of RMB13.2 million; which was partially offset by (i) withdrawal of financial assets at fair value through profit or loss of RMB396.3 million; (ii) payment of advance to related companies of RMB10.5 million; (iii) investment income from the unlisted fund investments of RMB6.6 million; and (iv) payment of advance to third parties of RMB2.0 million.

For FY2017, our Group had net cash from investing activities of RMB24.7 million, primarily attributable to (i) withdrawal of available-for-sale investments of RMB656.8 million; (ii) investment income from the unlisted fund investments of RMB5.7 million; and (iii) acquisition of subsidiaries of RMB1.1 million; which was partially offset by (i) purchase of available-for-sale investments of RMB628.3 million; (ii) purchase of property, plant and equipment of RMB8.3 million; and (iii) advance to third parties of RMB2.0 million.

For FY2016, our Group had net cash used in investing activities of RMB19.1 million, primarily attributable to (i) purchase of available-for-sale investments of RMB432.8 million; and (ii) purchase of property, plant and equipment of RMB9.6 million; which was partially offset by (i) withdrawal of available-for-sale investments of RMB411.5 million; (ii) payment of advance to related companies of RMB7.1 million; (iii) acquisition of subsidiaries of RMB4.0 million; and (iv) investment income from the unlisted fund investments of RMB2.5 million.

Financing activities

During the Track Record Period, our cash inflow from financing activities was principally from capital contribution by the then equity shareholders of subsidiaries and proceeds from interest-bearing bank borrowings. Our cash outflow used in financing activities was principally for dividends paid to the then equity shareholders, repayment of interest-bearing bank borrowings and payment of lease liabilities.

For 4M2019, our Group had net cash used in financing activities of RMB2.6 million, primarily attributable to (i) payment of lease liabilities of RMB4.1 million; (ii) repayment of advances from associates of RMB1.5 million; which was partially offset by (i) advances from associates of RMB1.5 million; and (ii) capital contribution from shareholders upon the Reorganisation of RMB1.5 million.

For FY2018, our Group had net cash used in financing activities of RMB12.4 million, primarily attributable to (i) dividends paid to the then equity shareholders of RMB37.9 million; (ii) repayment of interest-bearing bank borrowings of RMB10.0 million; (iii) repayment of advances from related companies of RMB1.7 million; and (iv) capital contribution upon the Reorganisation of RMB1.5 million; and (v) payment of lease liabilities of RMB1.3 million; which was partially offset by (i) capital contribution by the then shareholders of RMB37.9 million; and (ii) advances from associates of RMB1.5 million.

For FY2017, our Group had net cash used in financing activities of RMB12.1 million, primarily attributable to (i) repayment of interest-bearing bank borrowings of RMB10.0 million; (ii) payment of lease liabilities of RMB2.3 million; and (iii) repayment of advances from associates of RMB3.0 million; which was partially offset by advances from associates of RMB3.0 million.

For FY2016, our Group had net cash from financing activities of RMB45.9 million, primarily attributable to (i) proceeds from interest-bearing bank borrowings of RMB50.0 million; and (ii) advances from related companies of RMB2.5 million; which was partially offset by payment of lease liabilities of RMB2.2 million.

Current assets and current liabilities

We recorded net current assets of RMB54.9 million, RMB54.1 million, RMB20.2 million, RMB20.9 million and RMB95.0 million as at 31 December 2016, 2017, 2018, 30 April 2019 and 31 August 2019, respectively. The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December			As at 30 April	As at 31 August
	2016	**2017**	**2018**	**2019**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)
Current Assets					
Inventories	859	828	670	765	1,352
Trade receivables	17,926	30,291	55,530	88,045	87,553
Due from related companies	4,415	16,008	122,976	132,475	97,054
Prepayments, deposits and other receivables	4,465	10,915	17,411	24,786	47,777
Available-for-sale investments	37,722	–	–	–	–
Cash and cash equivalents	144,736	202,532	121,368	71,097	227,232
	210,123	260,574	317,955	317,168	460,968
Current Liabilities					
Trade payables	2,831	4,677	13,889	7,969	8,303
Other payables, deposits received and accruals	67,021	85,757	105,786	106,600	128,643
Contract liabilities	57,748	89,301	115,869	124,843	125,911
Due to related companies	1,867	1,842	3,459	2,767	2,486
Interest-bearing bank borrowings	10,000	10,000	30,000	30,000	75,000
Tax payable	3,081	3,064	4,562	1,763	1,352
Lease liabilities	12,729	11,864	24,212	22,304	24,293
	155,277	206,505	297,777	296,246	365,988
NET CURRENT ASSETS	54,846	54,069	20,178	20,922	94,980

Our Group's net current assets increased from RMB20.9 million as at 30 April 2019 to RMB95.0 million as at 31 August 2019. The increase was primarily due to (i) the increase of cash and cash equivalents by RMB156.1 million; and (ii) the increase in prepayments, deposits and other receivables by RMB23.0 million; which was partially offset by (i) the increase in interest-bearing bank borrowings by RMB45.0 million; (ii) the decrease in due from related companies by RMB35.4 million; and (iii) the increase in other payables, deposits received and accruals by RMB22.0 million.

Our Group's net current assets increased from RMB20.2 million as at 31 December 2018 to RMB20.9 million as at 30 April 2019. The increase was primarily due to (i) the increase in trade receivables by RMB32.5 million; (ii) the increase in due from related companies by RMB9.5 million; (iii) the increase in prepayments, deposits and other receivables by RMB7.4 million; and (iv) the decrease in trade payables by RMB5.9 million; which was partially offset by (i) the decrease in cash and cash equivalents by RMB50.3 million; and (ii) the increase in contract liabilities by RMB9.0 million.

Our Group's net current assets decreased from RMB54.1 million as at 31 December 2017 to RMB20.2 million as at 31 December 2018. The decrease was primarily due to (i) the decrease in cash and cash equivalents by RMB81.2 million; (ii) the increase in contract liabilities by RMB26.6 million; (iii) the increase in interest-bearing bank borrowings by RMB20.0 million; and (iv) the increase in other payables, deposits received and accruals by RMB20.0 million; which was partially offset by (i) the increase in due from related companies by RMB107.0 million; (ii) the increase in trade receivables by RMB25.2 million; and (iii) the increase in prepayments, deposits and other receivables by RMB6.5 million.

Our Group's net current assets decreased from RMB54.8 million as at 31 December 2016 to RMB54.1 million as at 31 December 2017. The decrease was primarily due to (i) the decrease in available-for-sales investments by RMB37.7 million; (ii) the increase in contract liabilities by RMB31.6 million; and (ii) the increase in other payables, deposits received and accruals by RMB18.7 million; which was partially offset by (i) the increase in cash and cash equivalents by RMB57.8 million; (ii) the increase in trade receivables by RMB12.4 million; (iii) the increase in due from related companies by RMB11.6 million; and (iv) the increase in prepayments, deposits and other receivables by RMB6.5 million.

Working capital

Our Directors confirm that, taking into consideration the financial resources presently available to us, including banking facilities and other internal resources, and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

Save as disclosed in this prospectus, our Directors are not aware of any other factors that would have a material impact on our Group's liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed ''Future Plans and Use of Proceeds'' in this prospectus.

DESCRIPTION OF CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

Trade receivables

Our trade receivables primarily consist of receivables for our property management services and community value-added services from our customers.

The following table sets out the breakdown of our trade receivables as at the dates indicated:

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	18,771	31,862	60,287	93,002
Less: impairment	(845)	(1,571)	(4,757)	(4,957)
	17,926	30,291	55,530	88,045

Our trade receivables increased from RMB17.9 million as at 31 December 2016 to RMB30.3 million as at 31 December 2017, and further increased to RMB55.5 million as at 31 December 2018, which was increasing at a higher rate than that of our revenue increase during the respective periods, primarily attributable to the increase in the number of properties which we replaced the then existing property management companies to be the property management service provider, because (i) such type of properties usually experience relatively lower collection rate in their respective first year as we endeavour to build our brand and reputation and focus on elevating our customers' satisfaction rate; and (ii) in particular, when such projects commenced in the fourth quarter of a year, we usually collect management fees in the following year, leading to the relatively higher ending balance of our trade receivables. Our trade receivables increased to RMB88.0 million as at 30 April 2019, which was mainly because of business and expansion and that most property management fees were paid during the second half of a year, leading to the relatively high level of trade receivables balance.

Trade receivables mainly arise from property management service income. Our Group's trading terms with its customers are mainly on credit. Our Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. In view of the aforementioned and the fact that our Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

The following table sets out the aging analysis based on the date of revenue recognition, net of provision/ the loss allowance for impairment, as at the dates indicated:

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	16,178	28,518	53,025	86,443
Over one year and within two years	1,442	849	1,945	1,025
Over two years and within three years	212	809	323	154
Over three years	94	115	237	423
	17,926	30,291	55,530	88,045

Trade receivables that are past due but not considered to be impaired under IAS 39 for FY2016 and FY2017 was RMB17.9 million and RMB30.3 million, respectively. Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default. Receivables that were past due but not impaired related to a number of independent customers that had a good track record with our Group. Based on past experience, our Directors were of the opinion that no provision for impairment under IAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable. Based on the principle of prudence, management accrues bad debt provisions to all trade receivables according to the aging-of-accounts method.

Since 1 January 2018, our Group commenced application of IFRS 9 on our trade receivables. An impairment analysis is performed under IFRS 9 at 31 December 2018 and 30 April 2019 using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if their ageing were more than two years and were not subject to enforcement activity.

The following table sets out the information about the credit risk exposure on our Group's trade receivables using a provision matrix as at 31 December 2018:

	Within one year	Over one year and within two years	Over two years and within three years	Over three years	Total
Expected credit loss rate	3.96%	37.27%	55.93%	80.89%	
Gross carrying amount *(RMB'000)*	55,211	3,100	734	1,242	60,287
Expected credit losses *(RMB'000)*	2,186	1,155	411	1,005	4,757

The following table sets out the information about the credit risk exposure on our Group's trade receivables using a provision matrix as at 30 April 2019:

	Within one year	Over one year and within two years	Over two years and within three years	Over three years	Total
Expected credit loss rate	3.97%	28.84%	52.91%	65.37%	
Gross carrying amount *(RMB'000)*	90,013	1,440	327	1,222	93,002
Expected credit losses *(RMB'000)*	3,570	415	173	799	4,957

The following table sets out the ageing analysis of our trade receivables that were past due but not impaired, as at the dates indicated:

	Ageing analysis			
	As at 31 December			As at 30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	–	–	–
Over one year and within two years	1,442	849	1,945	1,025
Over two year and within three years	212	809	323	154
Over three years	94	115	237	423
	1,748	1,773	2,505	1,602

As at 31 August 2019, the outstanding amounts of our trade receivables that were past due but not impaired as at 31 December 2016, 2017 and 2018 has been fully covered by subsequent settlement, and trade receivables of RMB1.6 million or 100.0% that were past due but not impaired as at 30 April 2019 has been covered by subsequent settlement. As at the Latest Practicable Date, none of such overdue trade receivables was subject to any disputes or legal proceedings. In this regard, the management of our Group considers the provision of our trade receivables is sufficient as at the respective year/period end dates.

The table below sets out a summary of average turnover days of trade receivables and amount due from related companies as at the dates indicated:

	FY2016	FY2017	FY2018	4M2019
Average turnover days of trade receivables *(Note)*	31.2	41.0	52.5	64.0

Note: Average turnover days of trade receivables is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables and amount due from related companies for the relevant period by revenue and multiplying by 365 days/120 days.

Our average turnover days of trade receivables was 31.2 days, 41.0 days, 52.5 days and 64.0 days during the Track Record Period, respectively, and the continuous increase was mainly attributable to continuous increase in our trade receivables balance and amount due from related companies as a result of our business expansion during the Track Record Period.

As at 31 August 2019, RMB51.2 million or 55.0% of our trade receivables outstanding as at 30 April 2019 had been settled. Most of trade receivables outstanding as at 30 April 2019 are expected to be settled at the end of the year. The expected credit loss are calculated based on the migration rate, which is based on the historic data of payments of trade receivables and the management's expectation of bad debt. The expected credit loss as at 30 April 2019 appears to be lower than the same as at 31 December 2018 because most of our trade receivables outstanding as at 30 April 2019 are expected to be settled at the end of 2019.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables mainly include (i) other deposits including performance bond, tender bond and resident deposits for access cards; (ii) other receivables including petty cash and prepayments on behalf of property owners and occupants; (iii) advance to staffs including working capital to employees in charge of certain projects; (iv) due from third parties for advances to Nanjing Wanrui before it became our Group's subsidiary in FY2016 and advances to Yincheng Security for its capital verification purpose in FY2017 and FY2018; (v) other prepayments to suppliers for daily maintenance such as elevator inspections, gardening and landscaping expenses; (vi) other tax recoverable; and (vii) prepayments on behalf of customers to utility suppliers.

The following table sets out the breakdown of our prepayments, deposits and other receivables as at the dates indicated:

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other deposits	2,446	5,312	9,545	11,592
Other receivables	793	1,500	2,975	2,271
Advance to staffs	724	482	3,001	4,127
Due from third parties	612	2,000	830	–
Other prepayments	229	938	928	2,013
Other tax recoverable	125	45	17	27
Prepayments on behalf of customers to utility suppliers	12	1,193	1,012	6,132
Less: impairment	(476)	(555)	(897)	(1,376)
	4,465	10,915	17,411	24,786

Our prepayments, deposits and other receivables increased from RMB4.5 million as at 31 December 2016 to RMB10.9 million as at 31 December 2017, which was mainly due to (i) the increase in other deposits by RMB2.9 million due to the increase of number of properties we manage; and (ii) the increase in due from third parties by RMB1.4 million. Our prepayments, deposits and other receivables increased from RMB10.9 million as at 31 December 2017 to RMB17.4 million as at 31 December 2018, which was mainly due to (i) the increase in other deposits by RMB4.2 million due to the increase of number of properties we manage; (ii) the increase in advance to staffs by RMB2.5 million due to increase of working capital to employees for new projects commenced in FY2018; and (iii) the increase in other receivables by RMB1.5 million due to increase in receivables from a third party. Our prepayments, deposits and other receivables increased to RMB24.8 million as at 30 April 2019, which was mainly due to (i) the increase in prepayments on behalf of customers to utility suppliers by RMB5.1 million; and (ii) the increase in other deposits by RMB2.0 million due to the increase in number of properties we manage.

Trade payables

Our trade payables primarily consist of payables to suppliers and subcontractors.

Our trade payables increased from RMB2.8 million as at 31 December 2016 to RMB4.7 million as at 31 December 2017, and further increased to RMB13.9 million as at 31 December 2018, which was mainly due to the increase in payables that were generally in line with increase in material costs and subcontracting costs for our projects as a result of our business expansion. Our trade payables decreased to RMB8.0 million as at 30 April 2019, which was mainly due to subsequent settlements to our subcontractors after 31 December 2018.

Our trade payables are interest-free and normally settled on terms of 10 to 15 days. The table below sets out the aging analysis of our trade payables based on the invoice date, as at the dates indicated:

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	2,337	4,142	12,393	7,041
Over one year	494	535	1,496	928
	2,831	4,677	13,889	7,969

The table below sets out a summary of average turnover days of trade payables as at the dates indicated:

	FY2016	**FY2017**	**FY2018**	**4M2019**
Average turnover days of trade payables *(Note)*	5.9	5.4	8.5	8.4

Note: Average turnover days of trade payables is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplying by 365 days/120 days.

Our average turnover days of trade payables was 5.9 days, 5.4 days, 8.5 days and 8.4 days during the Track Record Period, and the increase in turnover days for FY2018 and 4M2019 was mainly attributable to the increase in trade payables as at 31 December 2018 and 30 April 2019, respectively.

As at 31 August 2019, RMB5.1 million or 63.9% of trade payables outstanding as at 30 April 2019 had been fully settled.

Other payables, deposits and accruals

Our prepayments, deposits and other receivables are unsecured and repayable on demand, which mainly include (i) receipts on behalf of community residents for utilities such as public water, garbage and utilities fees; (ii) payroll and welfare payable; (iii) deposits received from residents for their properties' renovations and decorations, which will be returned after such works are finished; (iv) income on behalf of community residents for common area mainly for the part of income from common area value-added services that belong to them; (v) business tax and surcharges; (vi) advance from employees for disbursement expenses and performance bonuses for certain projects where the continuous increase was mainly attributable to the increase in the number of properties we managed during the Track Record Period as a result of our business expansion; and (vii) others mainly including payables for shares transfer and compensations to property owners.

The following table sets out the breakdown of our other payables, deposits and accruals as at the dates indicated:

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receipts on behalf of community residents for utilities	24,850	28,837	34,076	35,958
Payroll and welfare payable	23,965	33,488	40,288	33,583
Deposits received	4,941	8,029	11,906	15,171
Income on behalf of community residents for common area	4,143	7,948	9,505	10,467
Business tax and surcharges	2,666	4,768	6,631	3,284
Advance from employees	974	1,840	2,623	3,254
Others	5,482	847	757	4,883
	67,021	85,757	105,786	106,600

Our other payables, deposits and accruals increased from RMB67.0 million as at 31 December 2016 to RMB85.8 million as at 31 December 2017, which was mainly due to (i) the increase in payroll and welfare payable by RMB9.5 million as a result of the increase in staff number and average salaries per employee; (ii) the increase in income on behalf of community residents for common area and receipts on behalf of community residents for utilities by RMB3.8 million and RMB4.0 million, respectively, as a result of the increase in number of properties we managed; and (iii) the increase in deposits received by RMB3.1 million as a result of increase in deposits from residents for their properties' renovations and decorations received; which was partially offset by the decrease in others by RMB4.6 million mainly due to the settlement of consultancy expenses incurred during FY2016. Our other payables, deposits and accruals increased from RMB85.8 million as at 31 December 2017 to RMB105.8 million as at 31 December 2018, which was mainly due to (i) the increase in payroll and welfare payable by RMB6.8 million as a result of the increase in staff number and average salaries per employee; and (ii) the increase in deposits received by RMB3.9 million as a result of increase in deposits from residents for their properties' renovations and decorations received. Our other payables, deposits and accruals increased to RMB106.6 million as at 30 April 2019, which was mainly due to (i) the increase in others by RMB4.1 million as a result of the increase in accruals for listing expenses by RMB2.5 million and increase in share transfer payables by RMB1.3 million; and (ii) the increase in deposits received by RMB3.3 million as a result of increase in deposits from residents for their properties' renovations and decorations received; which was partially offset by (i) the decrease in payroll and welfare payable by RMB6.7 million as a result of payment of year-end bonuses for employees; and (ii) the decrease of business tax and surcharges by RMB3.3 million as a result of settlements of such tax and charges during 4M2019.

Contract liabilities

Our Group receives payments from customers based on billing schedules as provided in the property management agreements. A portion of the payments are usually received in advance of the performance under the contracts which are mainly from property management services. According to the business model of our Group, for revenue recognised from provision of property management services, all such revenue are carried forward from contract liabilities during the Track Record Period. All of our contract liabilities are expected to be recognised as revenue within one year as at 31 December 2016, 2017, 2018 and 30 April 2019, respectively.

Our contract liabilities increased from RMB57.7 million as at 31 December 2016 to RMB89.3 million as at 31 December 2017, and further increased to RMB115.9 million as at 31 December 2018, which was mainly due to the increase in number of property projects we managed from 63 in FY2016 to 102 in FY2017 and further to 162 in FY2018. Our contract liabilities increased to RMB124.8 million as at 30 April 2019, which was mainly due to the increase in number of property projects we managed to 197 in 4M2019.

Amounts due from/to related companies

We recorded amount due from related companies of RMB4.4 million, RMB16.0 million, RMB123.0 million and RMB132.5 million as at 31 December 2016, 2017, 2018 and 30 April 2019, respectively, among which, RMB4.4 million, RMB16.0 million, RMB32.6 million and RMB21.2 million were of trade-nature and nil, nil, RMB90.3 million and RMB111.2 million were of non-trade nature, respectively, as at the respective same dates.

We recorded amount due to related companies of RMB1.9 million, RMB1.8 million, RMB3.5 million and RMB2.8 million as at 31 December 2016, 2017, 2018 and 30 April 2019, respectively, among which, RMB0.2 million, RMB0.2 million, RMB2.0 million and RMB1.3 million were of trade-nature and RMB1.7 million, RMB1.7 million, RMB1.5 million and RMB1.5 million were of non-trade nature, respectively, as at the respective same dates.

All of our balance of amounts due from/to related companies were unsecured, interest-free and had no fixed repayment terms, and our Directors confirm that all of the non-trade balance of amounts due from/to related companies as at 30 April 2019 will be settled before Listing.

INDEBTEDNESS

The following table sets out our total debts including interest-bearing bank borrowings and leases liabilities as at the dates indicated:

	As at 31 December			As at 30 April	As at 31 August
	2016	2017	2018	2019	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)
Interest-bearing bank borrowings					
– Current portion of long term bank loans – secured	10,000	10,000	30,000	30,000	75,000
– Non-current portion of bank loans – secured	40,000	30,000	–	–	–
	50,000	40,000	30,000	30,000	75,000
Lease liabilities	12,729	23,535	40,502	36,825	36,633
	62,729	63,535	70,502	66,825	111,633

Interest-bearing bank borrowings

Our Group's borrowings are all denominated in RMB with fixed interest rates at 4.75% per annum during the Track Record Period. Yincheng Real Estate and Mr. Huang has guaranteed one of our Group's bank loans. Our Directors confirm that such loan guaranteed by our Controlling Shareholders or their respective close associates will be repaid before Listing.

Our interest-bearing bank borrowings was RMB50.0 million, RMB40.0 million, RMB30.0 million, RMB30.0 million and RMB75.0 million as at 31 December 2016, 2017, 2018, 30 April 2019 and 31 August 2019, respectively. The continuous decrease was mainly attributable to the repayments of our bank borrowings according to the payment schedule.

During the Track Record Period, we did not experience any delay or default in repayment of bank borrowings nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. As at the date of this prospectus, we did not have any plan for material external debt financing.

As at 31 August 2019, our Group had no unutilised banking facilities.

Lease liabilities

Our Group leases certain of its buildings for its offices and fitness centres. The lease term is three years to three and a half years. The following table sets out the movements of our lease liabilities as at the dates indicated:

	As at 31 December			As at 30 April	As at 31 August
	2016	**2017**	**2018**	**2019**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Carrying amount at the beginning of the year/period	14,416	12,729	23,535	40,502	40,502
Additions	–	12,694	16,884	–	–
Interest during the year/period	514	456	1,387	384	768
Payments during the year/period	(2,201)	(2,344)	(1,304)	(4,061)	(4,637)
Carrying amount at the end of the year/period	12,729	23,535	40,502	36,825	36,633

Our lease liabilities was RMB12.7 million, RMB23.5 million, RMB40.5 million, RMB36.8 million and RMB36.6 million as at 31 December 2016, 2017, 2018, 30 April 2019 and 31 August 2019, respectively. The significant increase as at 31 December 2018 was mainly attributable to one newly signed lease agreement to rent an office in Wuxi.

CAPITAL EXPENDITURES

Our Group's capital expenditures principally consist of expenditures on acquisitions of property, plant and equipment and acquisition of subsidiaries in our operations. Our Group incurred capital expenditures of RMB9.6 million, RMB8.4 million, RMB13.2 million and RMB11.5 million, for FY2016, FY2017, FY2018 and 4M2019, respectively, majority of which came from acquisition of machineries and equipment primarily used for our expansion of operations. Between 30 April 2019 and the Latest Practicable Date, we did not make any material capital expenditures.

For the year ending 31 December 2019, we estimate that the capital expenditures will amount to RMB16.5 million primarily for purchase of equipment.

Our Group's projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. For further details, please see the section headed "Future Plans and Use of Proceeds" in this prospectus.

We expect to fund our capital expenditures principally through the net proceeds we receive from the Global Offering and cash generated from our operating activities. We believe that these sources of funding will be sufficient to finance our capital expenditure needs for the next 12 months.

PROPERTY INTERESTS

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 5.01 to 5.10 of the Listing Rules. As at the Latest Practicable Date, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

Our Group had the following capital commitments as at the dates indicated:

	As at 31 December			As at 30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital contributions to available-for-sale investments	–	21,000	–	–
Capital contributions to financial assets at fair value through profit and loss	–	–	12,000	–
	–	21,000	12,000	–

We entered into an investment agreement to invest RMB30.0 million in Jinshi Lijing during FY2016 and we made capital contributions of RMB9.0 million and RMB9.0 million, respectively, during FY2017 and FY2018, and we disposed of such investments post 4M2019.

Jinshi Lijing, a limited partnership owned as to 4.28% by Yincheng Real Estate and 95.72% by 11 Independent Third Parties as at the Latest Practicable Date, was established as an investment fund in the PRC on 20 February 2017. The primary reason that our Group had made investment in Jinshi Lijing was to utilise our then idle funds with an aim to achieve value appreciations.

As at 31 December 2017, 2018 and 30 April 2019, the fair value of our investment in Jinshi Lijing amounted to RMB8.7 million, RMB17.2 million and RMB17.6 million, respectively, which was recognised as available-for-sale investments as at 31 December 2017 and financial assets at fair value through profit and loss as at 31 December 2018 and 30 April 2019, respectively. Since its establishment in 2017, Jinshi Lijing has been suffering from minor net losses due to short operating period and administration expenses incurred. In this regard, the management of our Group considers no sign of impairment for Jinshi Lijing in 2017. After the adoption and application of IFRS 9 by our Group in 2018, such investment in Jinshi Lijing has been and will continue to be measured at fair value and no impairment test is required thereafter.

Financial assets at fair value through profit or loss

As at 31 December 2016 and 2017, our available-for-sale financial assets (comprising unlisted fund investment and limited partnership investment respectively) amounted to RMB37.7 million and RMB8.7 million, respectively. Under IFRS 9 that we have adopted since 1 January 2018, our available-for-sale financial assets were reclassified to financial assets at fair value through profit or loss. As a result, (i) the balance amount of available-for-sale financial assets was nil and nil as at 31 December 2018 and 30 April 2019 and (ii) the balance amount of financial assets at fair value through profit or loss amounted to RMB17.2 million and RMB17.6 million as at 31 December 2018 and 30 April 2019, respectively. For further details, please see Notes 19 and 20 to the Accountants' Report set out in Appendix I to this prospectus.

For financial reporting purpose, the fair value measurement of our financial assets at fair value through profit or loss are categorised into level 1, 2 or 3 based on the degree which the inputs to the fair value measurements are observable and the significance of inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value measurement of the unlisted fund investments is categorised within level 3 of the fair value hierarchy. For the unlisted fund investments, the Reporting Accountants reviewed the accuracy and reasonableness of capitalisation rate and discount rate, checked the subsequent settlement of the unlisted fund investments and concurred with our Directors on the valuation technique chosen and the inputs used in the valuation. For the limited partnership investment, the Reporting Accountants have (i) obtained and reviewed the partnership agreement, (ii) checked our Group's capital payment to the limited partnership investment; (iii) obtained an investment confirmation letter of the fair value from the limited partnership investment company; (iv) obtained the audit report of the limited partnership investment company for the financial year of 2017 and 2018, as well as the agreed upon procedures report by a third party valuer of the fair value of the limited partnership investment, (v) evaluated the professionalism of the valuer and (vi) reviewed the accuracy and reasonableness of the valuation technique chosen and the inputs used in that reports. The fair value measurement of the limited partnership investment is categorised within level 3 of the fair value hierarchy. For further details of fair value and fair value hierarchy of financial instruments, please see Note 36 to the Accountants' Report set out in Appendix I to this prospectus. Having considered the aforementioned, the Reporting Accountants concurred with the valuation technique chosen and the inputs used in the valuation.

Our corporate finance team headed by the chief finance officer is responsible for determining the policies and procedures for the fair value measurement of the unlisted fund investments. For the fair value of the unlisted fund investments during the Track Record Period, our management adopted discounted cash flow method of valuation by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. We have established procedures to ensure the reasonableness of the fair value measurement of our level 3 equity investments. Our finance and accounting department performs a valuation of level 3 financial instruments for financial reporting purposes. It manages the valuation exercise of the investments on a case-by-case basis. Our finance and accounting department uses valuation techniques to determine the fair value of our level 3 instruments and reports to our Directors regularly. Our Directors are satisfied with the valuation exercise for financial assets categorised as level 3 financial instruments in its historical financial information for the purpose of preparing the Accountants' Report set out in Appendix I to this prospectus. The Reporting Accountants concurred with our Directors on the valuation technique adopted by our Group.

In relation to the valuation analysis performed by our management on financial assets at fair value through profit or loss, the Sole Sponsor has conducted the relevant due diligence works, including but not limited to (i) reviewed the audit report of the limited partnership investment company at the end of 2017 and 2018 as well as the agreed upon procedures report from the third party valuer of the fair value of the limited partnership investment; (ii) evaluated the professionalism of the valuer; (iii) reviewed the inputs and the valuation techniques used in the report; (iv) reviewed the relevant notes in the Accountants' Report set out in Appendix I to this prospectus and relevant documents provided by management; and (v) discussed with the management of our Company and the Reporting Accountants about the key basis and assumptions for the valuation of financial assets at fair value through profit or loss.

The Sole Sponsor, having (i) considered the work done by our Directors and the Reporting Accountants; (ii) considered the unqualified opinion on our historical financial information as a whole issued by the Reporting Accountants set out in Appendix I to this prospectus; and (iii) discussed with the Reporting Accountants in relation to the valuation work performed by us during the Track Record Period for financial assets categorised as level 3 financial instruments, nothing has come to the Sole Sponsor's attention that would cause them to disagree with the valuation of financial assets categorised within level 3 of the fair value measurement.

Contingent liabilities

As at 31 August 2019, we did not have any material contingent liabilities or guarantees.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, our Group did not have outstanding at the Latest Practicable Date any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

RELATED PARTY TRANSACTIONS

We entered into certain related party transactions during the Track Record Period including (i) rental fees to related companies, (ii) property management income from related companies, and (iii) service income from related companies. For further details, please see Note 34 in Appendix I to this prospectus.

Our Directors have confirmed that these transactions were conducted on normal commercial terms and on arm's length basis and did not distort our financial results during the Track Record Period or cease our financial results during the Track Record Period to be unreflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as at each of the dates indicated:

	FY2016	FY2017	FY2018	4M2019
Gross Profit Margin (%) (1)	21.7	16.7	14.6	15.3
Net Profit Margin (%) (2)	10.1	6.6	6.0	5.0
Return on equity (%) (3)	103.9	47.1	43.2	N/A
Return on total assets (%) (4)	13.1	7.5	7.9	N/A

	As at 31 December			As at 30 April
	2016	2017	2018	2019
Current ratio (5)	1.4	1.3	1.1	1.1
Gearing ratio (6)	1.6	0.8	0.4	0.4
Net debt to equity ratio (7)	Net cash	Net cash	Net cash	Net cash

Notes:

(1) Gross profit margin for FY2016, FY2017, FY2018 and 4M2019 was calculated on gross profit divided by revenue for the respective year/period. For further details on our gross profit margins, please see the section headed "Description of certain combined statements of profit or loss and other comprehensive income items" in this section.

(2) Net profit margin for FY2016, FY2017, FY2018 and 4M2019 was calculated on profit for the year/period divided by revenue for the respective year/period. For further details on our net profit margins, please see the section headed "Review of Historical Results of Operation" in this section.

(3) Return on equity for FY2016, FY2017, FY2018 and 4M2019 was calculated based on the net profit for the respective years/periods divided by the total equity attributable to the shareholders as at the respective year/periods (sum of opening and closing balances of the total equity attributable to the shareholders of the respective years/periods and then divided by two) and multiplied by 100%.

(4) Return on total assets for FY2016, FY2017, FY2018 and 4M2019 was calculated based on the net profit for the respective years/periods divided by the total assets of the respective years/periods (sum of opening and closing balances of the total assets of the respective years/periods and then divided by two) and multiplied by 100%.

(5) Current ratio as at 31 December 2016, 2017 and 2018 and 30 April 2019 was calculated based on the total current assets as at the respective dates divided by the total current liabilities as at the respective dates.

(6) Gearing ratio as at 31 December 2016, 2017 and 2018 and 30 April 2019 was calculated based on interest-bearing bank borrowings as at the respective dates divided by total equity as at the respective dates and multiplied by 100%.

(7) Net debt to equity ratio as at 31 December 2016, 2017 and 2018 and 30 April 2019 was calculated based on net debts (being total borrowings net of cash and cash equivalents) as at the respective dates divided by total equity as at the respective dates.

Return on equity

Our return on equity was 103.9%, 47.1% and 43.2% for FY2016, FY2017 and FY2018, respectively. The continuous decrease of return on equity was mainly attributable to the continuous increase in our equity as at the respective dates.

Return on total assets

Our return on total assets was 13.1%, 7.5% and 7.9% for FY2016, FY2017 and FY2018, respectively. The general decrease of return on total assets was mainly attributable to the continuous increase in our total assets as at the respective dates.

Current ratio

Our current ratio was 1.4, 1.3, 1.1 and 1.1 as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively. The decrease of current ratio as at 31 December 2018 and 30 April 2019 was mainly because the increase in our current liabilities outweighed the increase in our current assets as at the respective dates.

Gearing ratio

Our gearing ratio was 1.6, 0.8, 0.4 and 0.4 as at 31 December 2016, 2017 and 2018 and 30 April 2019. The continuous decrease in our gearing ratio was mainly attributable to the continuous increase of our total equity and the continuous decrease of our interest-bearing bank borrowings as at the respective dates.

Net debt to equity ratio

Our net debt to equity ratio was in net cash position as at 31 December 2016, 2017 and 2018 and 30 April 2019.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Our principal financial instruments mainly include cash and bank balances, restricted cash, pledged deposits, trade and other receivables, trade and bills payables and other payables, which arise directly from its operations. Our Group has other financial assets and liabilities such as interest-bearing bank borrowings, amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise funds for our operations.

The main risks arising from our financial instruments are interest rate risk, credit risk and liquidity risk. Generally, we introduces conservative strategies on its risk management. To keep our Group's exposure to these risks to a minimum, we have not used any derivatives and other instruments for hedging purposes. We do not hold or issue derivative financial instruments for trading purposes.

For further details of our financial risk management objectives and policies, please see Note 37 to the Accountants' Report set out in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

ACCUMULATED LOSSES

Throughout 20 years of experience and operations in the property management industry, our Group has undergone various business development stages and successfully transited from a supporting segment of a property developer to a profitable independent property management service provider. Since one of the principal operating subsidiaries of our Group, Yincheng Property Services, was established by Yincheng Real Estate, our Group had been providing property management services exclusively to properties developed by Yincheng Real Estate until 2012. During this period, our Group was positioned as a supporting segment of Yincheng Real Estate and did not engage in any property projects developed by independent third party property developers. As a result, the group had recorded accumulated losses from our operations.

During 2012 to 2015, our Group was transforming from a supporting segment of a property developer to an independent property management service provider. During this period, the Group had smaller business scale and incurred additional initial investment costs for newly acquired property projects developed by independent third party property developers, which resulted in lower profitability. As at 1 January 2016, our Group had recorded accumulated losses of RMB2.5 million. Our Group recorded net profits of approximately RMB23.2 million, RMB19.8 million, RMB27.1 million and RMB9.9 million for FY2016, FY2017, FY2018 and 4M2019, respectively and recorded retained profits of RMB16.2 million as at 31 December 2016.

Key reasons that our Group managed to improve our financial performance, position and cash flows during the Track Record Period

We managed to improve our financial performance during the Track Record Period mainly due to (i) organic growth in the GFA under management of properties developed by independent third party property developers and non-residential properties; (ii) acquisitions of several property management companies; and (iii) diversification of service portfolio by providing community value-added services, which enabled us to expand our business scale.

*(i) **Organic growth in the GFA under management of properties developed by independent third party property developers and non-residential properties***

Prior to the Track Record Period, our Group's property management business was a supporting segment to Yincheng Real Estate Group's core business of property development. Most of the properties managed by our Group were developed by Yincheng Real Estate Group which resulted in a smaller number of managed properties and hence smaller operation scale. Over the years of mainly providing property management services to properties developed by Yincheng Real Estate Group, our Group was aware of the potential business opportunities derived from properties developed by third party property developers. As such, leveraging on our years of experience and expertise of our property management services, our Group decided to actively explore market opportunities to manage properties developed by independent third party property developers so as to increase our market share within a short timeframe. In this connection, in 2016, we established our business development team which is mainly responsible for exploring market opportunities with independent third party property developers to better spur our market expansion.

GFA under management of properties developed by independent third party property developers

In addition, to attract more new customers, our Group has been endeavouring to enhance the experience and satisfaction of property owners and residents at our managed properties. Since 2016, our Group has adhered to the service concept of "Living+ (生活+)" and adopted the business model of "Service alignment, Business modularisation, Modules specialisation and Management digitalisation" to improve our operational efficiency, service quality and strengthen our competitiveness. We divide the households of residential properties managed by our Group into different community grids with each community grid consisting of approximately 300 households whereby each grid is assigned with one living consultant, as compared to the industry peers which generally assign one living consultant for approximately every 500 households according to the Frost & Sullivan Report. Attributed to our commitment to provide quality services to our customers, our Group has maintained high customer satisfaction rate. As a result, we achieved fast development and managed to increase our portfolio of managed properties developed by independent third party property developers during the Track Record Period.

As at 31 December 2015, our GFA under management of properties developed by Yincheng Real Estate Group was approximately 2.6 million sq.m., whereas our GFA under management of properties developed by independent third party property developers was only approximately 1.4 million sq.m..

Owing to our Group's business development capabilities which has put us in a competitive bidding position for properties developed by independent third party property developers, the number of properties developed by independent third party property developers increased significantly from 40 as at 31 December 2016 to 159 as at 30 April 2019, and the GFA under management of properties developed by independent third party property developers increased correspondingly from approximately 3.6 million sq.m. to approximately 15.5 million sq.m..

GFA under management of non-residential properties

Our Group has also endeavoured to diversify our property management portfolio by extending our services to non-residential properties. As at 31 December 2015, our GFA under management of non-residential properties was approximately 1.0 million sq.m. During the Track Record Period, we scaled up our business in non-residential properties. As at 31 December 2016, 2017, 2018 and 30 April 2019, our GFA under management of non-residential properties was approximately 1.0 million sq.m., 1.7 million sq.m., 2.4 million sq.m. and 3.9 million sq.m, respectively. The relatively higher gross profit margin generated from non-residential properties than that of residential properties and our business expansion through the increase in the GFA under management of non-residential properties enables our Group to improve our financial performance during the Track Record Period. For further details of gross profit margin from property management services by property type, please see the paragraph headed "Financial information — (ii) revenue from community value-added services" and "Financial information — (ii) gross profit and gross profit margin" in this prospectus.

The table below sets out the breakdowns of GFA under management by type of properties and type of developers as at the dates indicated:

	As at 31 December				As at 30 April
	2015	**2016**	**2017**	**2018**	**2019**
	GFA	**GFA**	**GFA**	**GFA**	**GFA**
	('000 sq.m.)	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*
Properties developed by Yincheng International Holding Group/Yincheng Real Estate Group					
– Residential properties	2,490	2,889	3,439	3,494	3,940
– Non-residential properties	126	125	130	141	152
Sub-total	**2,616**	**3,014**	**3,570**	**3,636**	**4,092**
Properties developed by independent third party property developers					
– Residential properties	624	2,740	5,671	9,609	11,738
– Non-residential properties	825	860	1,529	2,218	3,785
Sub-total	**1,449**	**3,600**	**7,200**	**11,827**	**15,523**

(ii) Acquisition of property management companies

Apart from adopting organic growth initiatives, our Group has expanded our business scale through acquisition of four property management companies, namely (i) Nanjing Kangcheng; (ii) Nanjing Libiao; (iii) Nanjing Wanrui; and (iv) Yihe Wuxi located in Nanjing and Wuxi in the PRC to increase our geographical coverage and business scale. Such acquisitions also increased our GFA under management by approximately 0.13 million sq.m.. Therefore, strategic investment as well as mergers and acquisitions were alternative means of efficient expansion into new markets in a short period of time, and increased our Company's service offerings. Such expansion method also enhanced resource utilisation, leading to better market resource allocation, resource sharing and stronger business alliances.

(iii) Diversification of service portfolio by providing community value-added services

When Yincheng Property Services listed its shares on the NEEQ in April 2016, the subsidiaries of Yincheng Property Services only comprised (i) Yincheng Huimeijia providing community value-added services; and (ii) Yincheng Technology providing repair and maintenance services of specialised elevators, escalators and mechanical car park equipment. Since (i) a number of the major PRC operating subsidiaries of our Group, such as Nanjing Xianhe providing gardening and landscaping services, Nanjing Canze providing repair and maintenance services and Nanjing Meijia providing building decoration services, were incorporated during the Track Record Period; and (ii) we have expanded the scope of our community value-added services by collaborating with more business partners, the scale of operation of our Group as set out in this prospectus was larger than that of Yincheng Property Services and its subsidiaries.

Furthermore, following our active pursuit of business opportunities to manage properties developed by independent third party property developers since 2012, our Group's property management portfolio increased significantly during the Track Record Period. Such increased property management portfolio attributable to new agreements from properties developed by independent third party developers allows us to expand our community value-added services correspondingly through our operating subsidiaries.

LISTING EXPENSES

Listing expenses in connection with the Global Offering consist primarily of underwriting commissions and professional fees. We estimate that total expenses in relation to the Listing (assuming an Offer Price of HK$2.09 per Offer Share (being the mid-point of the Offer Price Range) and no exercise of the Over-allotment Option) will be RMB33.9 million. During the Track Record Period, we incurred listing expenses of RMB2.6 million of which RMB2.0 million was charged to our administrative expenses and RMB0.6 million was capitalised. We expect to incur additional listing expenses of RMB31.2 million, and of which RMB15.9 million is expected to be recognised as administrative expenses and RMB15.3 million is expected to be recognised as a deduction in equity.

DIVIDEND

No dividend has been paid or declared by our Company since its date of incorporation. The dividends declared and settled by our Group to its then shareholders was RMB2.9 million, nil, RMB42.9 million and nil for FY2016, FY2017, FY2018 and 4M2019, respectively.

Currently, our Directors aim to propose an annual dividend payment at a payout ratio of not less than 25% of our Group's combined net profit after tax for the financial year subject to due consideration of factors described below, which shall in no way constitute a legal and binding commitment by our Company that any dividend will be paid and/or in no way obligate our Company to declare a dividend at any time or from time to time. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Companies Law, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Future dividend payments will also depend upon the availability of dividends received from our operating subsidiaries in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our PRC operating subsidiaries may also be subject to any restrictive covenant in bank credit facilities or loan agreements, convertible bond instruments or other agreements that we or they may enter into in the future.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 3 April 2019 as an exempted company incorporated in the Cayman Islands. There were no reserves available for distribution to the Shareholders as at the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please see "Appendix II — Unaudited Pro Forma Financial Information" in this prospectus for our unaudited pro forma adjusted combined net tangible assets.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Subsequent to 30 April 2019 (being the date of our latest audited combined statements of financial position as set out in the Accountants' Report in Appendix I to this prospectus), the number of our managed properties increased by 13 residential properties and 25 non-residential properties as at the Latest Practicable Date. Our aggregate GFA under management increased by 3.6 million sq.m. from 19.6 million sq.m. as at 30 April 2019 to approximately 23.2 million sq.m. as at the Latest Practicable Date.

Our Directors have confirmed that, since 30 April 2019 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects, and no event has occurred that would materially and adversely affect the information shown in our combined financial statements set out in the Accountants' Report included in Appendix I to this prospectus.

FUTURE PLANS

Please see "Business — Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering, after deducting the underwriting fees and expenses payable by us in the Global Offering, of approximately HK$102.6 million (assuming an Offer Price of HK$2.09 per Share, being the midpoint of the Offer Price Range), assuming no exercise of the Over-allotment Option.

We currently intend to apply these net proceeds in the following manner:

- approximately 60.0%, or approximately HK$61.5 million, to be used to acquire or invest in the following types of companies located in the Yangtze River Delta Megalopolis: (i) property management companies which have good market recognition to expand our property management portfolio; (ii) companies engaging in the provision of specialised services, such as gardening and landscaping services, and/or possess various kinds of qualifications and licences, such as those required for repair and maintenance of specialised elevators and mechanical car park equipment; and (iii) companies which provide products or services which are complementary to our community value-added services such as community catering services. We plan to explore the acquisition or investment target preferably in the Yangtze River Delta Megalopolis. See "Business — Our Strategies — Continue to expand our business by mergers and acquisitions or investments in order to expand our market shares in the property management service industry in the PRC";

- approximately 15.0%, or approximately HK$15.4 million, to be used to invest in intelligent systems by purchasing or upgrading equipment and facilities, such as intelligent access control system at entrances, intelligent car management system with licence plate recognition technology, intelligent fire detection and extinguishing technology, intelligent home management system and other remote surveillance system at our managed properties. See "Business — Our Strategies — Invest in intelligent systems to improve our service quality and enhance our customers' experience";

- approximately 10.0%, or approximately HK$10.3 million, to be used to upgrade our internal information technology system, including upgrading our enterprise resource planning management system and digitalised data management system to collect information and track real-time data for better management. See "Business — Our Strategies — Upgrade our internal information technology system to enhance operational efficiency";

- approximately 5.0%, or approximately HK$5.1 million, to be used to continue to recruit more technical and managerial talents and provide trainings to our existing staff for the expansion of our operations. See "Business — Our Strategies — Continue to recruit more technical and managerial talents and, at the same time, providing training to our employees for the expansion of our operations"; and

- approximately 10.0%, or approximately HK$10.3 million, to be used to provide funding for our working capital and other general corporate purpose.

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 the Over-allotment Option is exercised.

If the Offer Price is fixed at HK$2.28 per Offer Share, being the higher end of the Offer Price Range, the net proceeds will be increased to approximately HK$114.5 million. If the Offer Price is fixed at HK$1.90 per Offer Share, being the lower end of the Offer Price Range, the net proceeds will be reduced to approximately HK$90.7 million.

The additional net proceeds that we would receive if the Over-allotment Option is exercised, which is currently estimated to be approximately HK$17.9 million, HK$19.6 million and HK$21.4 million (assuming the lowest, middle and highest points of the Offer Price Range, respectively).

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not commercially viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate proceeds to other uses.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed in short-term demand deposits with licensed banks or financial institutions.

Bases and assumptions

Our future plans and business strategies are based on the following general assumptions:

- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material change in the funding requirement for each of our future plans described in this prospectus from the amount as estimated by our Directors;
- the Global Offering will be completed in accordance with and as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus;
- there will be no material changes in existing accounting policies from those stated in the audited combined financial statements of our Group for FY2016, FY2017 and FY2018 and 4M2019;
- there will be no material changes in the bases or rates of taxation applicable to our activities;
- we will continue our operation including but not limited to retaining our key employees and maintaining our customers, suppliers and subcontractors in the same manner as we had operated during the Track Record Period;

- there will be no material change in existing laws and regulations, or other governmental policies relating to our Group, or in the political or market conditions in which we operate;

- our operations including our future plans will not be interrupted by any force majeure, unforeseeable factors, extraordinary items or economic changes in respect of inflation, interest rate and tax rate in the PRC;

- there will be no disasters, natural, political or otherwise, which would materially disrupt our businesses or operations; and

- we will not be materially affected by the risk factors as set out in the section headed "Risk factors" in this prospectus.

IMPLEMENTATION PLAN

Based on our Group's business strategies and future plans, we intend to carry out the following implementation plans as set out below for the period from the Latest Practicable Date to 31 December 2021. The implementation plans are drawn up based on the current economic status and the assumptions as set out in the paragraph headed "Use of Proceeds – Bases and Assumptions" in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in the section headed "Risk Factors" in this prospectus. We cannot assure you that our business strategies will be achieved and our implementation plans will materialise in accordance with the estimated time frame or at all.

The following table sets out a summary of our implementation plan of our business strategies:

Business strategy	From the Latest Practicable Date to 31 December 2019	From 1 January 2020 to 30 June 2020 ("1H2020")	From 1 July 2020 to 31 December 2020 ("2H2020")	From 1 January 2021 to 31 December 2021 ("FY2021")
Continue to expand our business by mergers and acquisitions or investments in order to expand our market shares in the property management service industry in the PRC	• Conduct feasibility studies on the potential acquisition or investment targets	• (i) Negotiate the terms of the sale and purchase agreement in connection with the acquisition or investment; and (ii) sign and complete the sale and purchase agreement in connection with the acquisition or investment		

<table>
<tr><th>Business strategy</th><th>From the Latest Practicable Date to 31 December 2019</th><th>From 1 January 2020 to 30 June 2020 (“1H2020”)</th><th>From 1 July 2020 to 31 December 2020 (“2H2020”)</th><th>From 1 January 2021 to 31 December 2021 (“FY2021”)</th></tr>
<tr><td>Invest in intelligent systems to improve our service quality and enhance our customers’ experience</td><td>• Conduct site visits at the intelligent system suppliers
• Install, test and launch the intelligent systems in around five of our selected managed properties
• Negotiate the contract terms and functions of the intelligent systems with the relevant intelligent system suppliers after passing our tests</td><td colspan="3">• Enable and launch the intelligent car management system in around seven, seven more and 25 more of our managed properties for 1H2020, 2H2020 and FY2021, respectively
• Enable and launch the intelligent fire detection and extinguishing system, intelligent home management system and intelligent access control system at entrances in around four, four more and 14 more of our managed properties for 1H2020, 2H2020 and FY2021, respectively
• Enable and launch the remote surveillance system in around four, four more and 16 more of our managed properties for 1H2020, 2H2020 and FY2021, respectively
• Enable Wifi services and public area surveillance system in around four, four more and 14 more of our managed properties for 1H2020, 2H2020 and FY2021, respectively
• Enable and launch express delivery and storage, vehicle charging and 24-hour operated fitness room services in around seven, 12 more and 19 more of our managed properties for 1H2020, 2H2020 and FY2021, respectively</td></tr>
</table>

<table>
<tr><th>Business strategy</th><th>From the Latest Practicable Date to 31 December 2019</th><th>From 1 January 2020 to 30 June 2020 (“1H2020”)</th><th>From 1 July 2020 to 31 December 2020 (“2H2020”)</th><th>From 1 January 2021 to 31 December 2021 (“FY2021”)</th></tr>
<tr><td>Upgrade our internal information technology system to enhance operational efficiency</td><td>—</td><td>• Design, test and operate the digitalised human resources management system to store employees’ information and for performance appraisal

• Enhance the fee collection system for online payment and issue electronic invoices

• Design (i) the digitalised project management system for project planning, data analysis and risk management; and (ii) the digitalised invoice management system for invoice registration and requisition</td><td>• Test and operate (i) the digitalised project management system; and (ii) the digitalised invoice management system for invoice registration and requisition</td><td>• Design, test and operate the digitalised procurement management system to manage our suppliers, the tender and the procurement processes

• Enhance (i) the digitalised customer relationship management system to analyse customers’ data and our services; (ii) the digitalised financial management system for automatic reimbursement and issue of voucher; and (iii) the digitalised contract management system to manage the contracts signed with our suppliers and customers</td></tr>
<tr><td>Continue to recruit more technical and managerial talents and, at the same time, provide training to our employees for the expansion of our operations</td><td>• Formation of the training team and design the training programmes</td><td colspan="2">• (i) Design and develop training programmes and organise training sessions; and (ii) recruit project or management personnel to cater for business operation</td><td>• Recruit trainers to provide the training programmes to our employees as well as management personnel to cater our business expansion</td></tr>
</table>

The following table sets out more detailed information of our implementation plan of our business strategies:

From the Latest Practicable Date to 31 December 2019

Business Strategy	Implementation plan	Amount of net proceeds from the Global Offering to be utilised	Amounts to be invested from internal resources
Continue to expand our business by mergers and acquisitions or investments in order to expand our market shares in the property management service industry in the PRC	• Conduct feasibility studies on the potential acquisition or investment targets	—	—
Invest in intelligent systems to improve our service quality and enhance our customers' experience	• Conduct site visits at the intelligent system suppliers	—	—
	• Install, test and launch the intelligent systems in around five of our selected managed properties	—	—
	• Negotiate the contract terms and functions of the intelligent systems with the relevant intelligent system suppliers after passing our tests	—	—
Continue to recruit more technical and managerial talents and, at the same time, provide training to our employees for the expansion of our operations	• Formation of the training team and design the training programmes	—	—
Total		**—**	**—**

From 1 January 2020 to 30 June 2020

Business Strategy	Implementation plan	Amount of net proceeds from the Global Offering to be utilised	Amounts to be invested from internal resources
Continue to expand our business by mergers and acquisitions or investments in order to expand our market shares in the property management service industry in the PRC	• (i) Negotiate the terms of the sale and purchase agreement in connection with the acquisition or investment; and (ii) sign and complete the sale and purchase agreement in connection with the acquisition or investment	Approximately HK$12.0 million from net proceeds from the Global Offering	Approximately HK$5.0 million from internal resources
Invest in intelligent systems to improve our service quality and enhance our customers' experience	• Enable and launch the intelligent car management system in around seven of our managed properties	Approximately HK$0.4 million from net proceeds from the Global Offering	Approximately HK$0.27 million from internal resources
	• Enable and launch the intelligent fire detection and extinguishing system, intelligent home management system and intelligent access control system at entrances in around four of our managed properties	Approximately HK$0.4 million from net proceeds from the Global Offering	Approximately HK$0.35 million from internal resources

Business Strategy	Implementation plan	Amount of net proceeds from the Global Offering to be utilised	Amounts to be invested from internal resources
	• Enable and launch the remote surveillance system in around four of our managed properties	Approximately HK$0.4 million from net proceeds from the Global Offering	Approximately HK$0.43 million from internal resources
	• Enable Wifi services and public area surveillance system in around four of our managed properties	Approximately HK$0.4 million from net proceeds from the Global Offering	Approximately HK$0.27 million from internal resources
	• Enable and launch express delivery and storage, vehicle charging and 24-hour operated fitness room services in around seven of our managed properties	Approximately HK$0.6 million from net proceeds from the Global Offering	Approximately HK$0.41 million from internal resources
Upgrade our internal information technology system to enhance operational efficiency	• Design, test and operate the digitalised human resources management system to store employees' information and for performance appraisal	Approximately HK$1.5 million from net proceeds from the Global Offering	Approximately HK$2.2 million from internal resources
	• Enhance the fee collection system for online payment and issue electronic invoices	Approximately HK$0.9 million from net proceeds from the Global Offering	Approximately HK$1.6 million from internal resources

Business Strategy	Implementation plan	Amount of net proceeds from the Global Offering to be utilised	Amounts to be invested from internal resources
	• Design the digitalised project management system for project planning, data analysis and risk management	Approximately HK$0.9 million from net proceeds from the Global Offering	Approximately HK$1.6 million from internal resources
	• Design the digitalised invoice management system for invoice registration and requisition	Approximately HK$0.4 million from net proceeds from the Global Offering	Approximately HK$0.9 million from internal resources
Continue to recruit more technical and managerial talents and, at the same time, provide training to our employees for the expansion of our operations	• (i) Design and develop training programmes and organise training sessions; and (ii) recruit project or management personnel to cater for business operation	Approximately HK$0.9 million from net proceeds from the Global Offering	Approximately HK$1.0 million from internal resources
Total		**Approximately HK$18.8 million from net proceeds from the Global Offering**	**Approximately HK$14.03 million from internal resources**

From 1 July 2020 to 31 December 2020

Business Strategy	Implementation plan	Amount of net proceeds from the Global Offering to be utilised	Amounts to be invested from internal resources
Continue to expand our business by mergers and acquisitions or investments in order to expand our market shares in the property management service industry in the PRC	• (i) Negotiate the terms of the sale and purchase agreement in connection with the acquisition or investment; and (ii) sign and complete the sale and purchase agreement in connection with the acquisition or investment	Approximately HK$16.3 million from net proceeds from the Global Offering	Approximately HK$8.0 million from internal resources
Invest in intelligent systems to improve our service quality and enhance our customers' experience	• Enable and launch the intelligent car management system in around seven more of our managed properties	Approximately HK$0.4 million from net proceeds from the Global Offering	Approximately HK$0.27 million from internal resources
	• Enable and launch the intelligent fire detection and extinguishing system, intelligent home management system and intelligent access control system at entrances in around four more of our managed properties	Approximately HK$0.4 million from net proceeds from the Global Offering	Approximately HK$0.35 million from internal resources

Business Strategy	Implementation plan	Amount of net proceeds from the Global Offering to be utilised	Amounts to be invested from internal resources
	• Enable and launch the remote surveillance system in around four more of our managed properties	Approximately HK$0.4 million from net proceeds from the Global Offering	Approximately HK$0.43 million from internal resources
	• Enable Wifi services and public area surveillance system in around four more of our managed properties	Approximately HK$0.4 million from net proceeds from the Global Offering	Approximately HK$0.27 million from internal resources
	• Enable and launch express delivery and storage, vehicle charging and 24-hour operated fitness room services in around 12 more of our managed properties	Approximately HK$1.5 million from net proceeds from the Global Offering	Approximately HK$0.41 million from internal resources

Business Strategy	Implementation plan	Amount of net proceeds from the Global Offering to be utilised	Amounts to be invested from internal resources
Upgrade our internal information technology system to enhance operational efficiency	• Test and operate the digitalised project management system for project planning, data analysis and risk management	Approximately HK$1.7 million from net proceeds from the Global Offering	Approximately HK$2.6 million from internal resources
	• Test and operate the digitalised invoice management system for invoice registration and requisition	Approximately HK$0.4 million from net proceeds from the Global Offering	Approximately HK$0.9 million from internal resources
Continue to recruit more technical and managerial talents and, at the same time, provide training to our employees for the expansion of our operations	• (i) Design and develop training programmes and organise training sessions; and (ii) recruit project or management personnel to cater for business operation	Approximately HK$1.2 million from net proceeds from the Global Offering	Approximately HK$1.3 million from internal resources
Total		**Approximately HK$22.7 million from net proceeds from the Global Offering**	**Approximately HK$14.53 million from internal resources**

From 1 January 2021 to 31 December 2021

Business Strategy	Implementation plan	Amount of net proceeds from the Global Offering to be utilised	Amounts to be invested from internal resources
Continue to expand our business by mergers and acquisitions or investments in order to expand our market shares in the property management service industry in the PRC	• (i) Negotiate the terms of the sale and purchase agreement in connection with the acquisition or investment; and (ii) sign and complete the sale and purchase agreement in connection with the acquisition or investment	Approximately HK$33.2 million from net proceeds from the Global Offering	Approximately HK$10.0 million from internal resources
Invest in intelligent systems to improve our service quality and enhance our customers' experience	• Enable and launch the intelligent car management system in around 25 more of our managed properties	Approximately HK$1.5 million from net proceeds from the Global Offering	Approximately HK$1.09 million from internal resources
	• Enable and launch the intelligent fire detection and extinguishing system, intelligent home management system and intelligent access control system at entrances in around 14 more of our managed properties	Approximately HK$1.7 million from net proceeds from the Global Offering	Approximately HK$0.48 million from internal resources
	• Enable and launch the remote surveillance system in around 16 more of our managed properties	Approximately HK$1.7 million from net proceeds from the Global Offering	Approximately HK$0.6 million from internal resources

Business Strategy	Implementation plan	Amount of net proceeds from the Global Offering to be utilised	Amounts to be invested from internal resources
	• Enable Wifi services and public area surveillance system in around 14 more of our managed properties	Approximately HK$3.1 million from net proceeds from the Global Offering	Approximately HK$0.81 million from internal resources
	• Enable and launch express delivery and storage, vehicle charging and 24-hour operated fitness room services in around 19 more of our managed properties	Approximately HK$2.3 million from net proceeds from the Global Offering	Approximately HK$0.41 million from internal resources
Upgrade our internal information technology system to enhance operational efficiency	• Design, test and operate the digitalised procurement management system to manage our suppliers, the tender and the procurement processes	Approximately HK$1.5 million from net proceeds from the Global Offering	Approximately HK$2.2 million from internal resources
	• Enhance the digitalised customer relationship management system to analyse customers' data and our services	Approximately HK$1.2 million from net proceeds from the Global Offering	Approximately HK$1.9 million from internal resources
	• Enhance the digitalised financial management system for automatic reimbursement and issue of voucher	Approximately HK$1.2 million from net proceeds from the Global Offering	Approximately HK$1.9 million from internal resources

Business Strategy	Implementation plan	Amount of net proceeds from the Global Offering to be utilised	Amounts to be invested from internal resources
	• Enhance the digitalised contract management system to manage the contracts signed with our suppliers and customers	Approximately HK$0.6 million from net proceeds from the Global Offering	Approximately HK$1.3 million from internal resources
Continue to recruit more technical and managerial talents and, at the same time, provide training to our employees for the expansion of our operations	• Recruit trainers to provide the training programmes to our employees as well as management personnel to cater our business expansion	Approximately HK$3.1 million from net proceeds from the Global Offering	Approximately HK$3.1 million from internal resources
Total		**Approximately HK$51.1 million from net proceeds from the Global Offering**	**Approximately HK$23.79 million from internal resources**

REASONS FOR THE LISTING

Our Directors believe that the Listing will benefit our Group for the following reasons:

Strengthen our Group's corporate profile, credibility and competitiveness

We believe that both customers and suppliers prefer working with business partners which are listed companies given their reputation, corporate governance and listing status. The Listing will elevate our corporate image, brand awareness, competitiveness among our existing and prospective customers and suppliers, thereby placing us in a better position to negotiate for property management agreements and subcontracting agreements and increase our tender success rate. Not only are there branding and publicity advantages that come with becoming a listed company on the Main Board of the Stock Exchange, but after the Listing our prospective customers and suppliers or subcontractors would also have public access to our corporate and financial information. We believe that this would generate higher levels of confidence in our professionalism and capabilities.

Moreover, we believe that the Listing will strengthen our internal control and corporate governance practices, which in turn would enhance our competitiveness and attract potential customers.

Access to a fund raising platform to implement our business strategies

According to Frost & Sullivan, (i) the degree of concentration of the property management service market is increasing in recent years as a result of policy environment, market competition and information technology. A few leading property management service companies are seeking to enhance the management standards and core competitiveness through mergers and acquisitions; (ii) the improvement of information technology and data digitalisation enables companies to improve the quality of services and reduce the costs of operation, labour cost, energy and material consumption effectively. An increasing number of leading property management service companies are making efforts to enhance the standardisation of property management services, such as intelligent system in communities, including access control system and parking management system; (iii) with China's property management service becoming more and more professional and standardised, capable and stable management team has become an important requirement for property management service companies to maintain its competitive advantage in the market. For further details, please see the section headed "Industry Overview" in this prospectus.

To strengthen our market position and competitiveness in the property management industry in view of the market trends, we have formulated business strategies, including to (i) continue to expand our business by mergers and acquisitions or investments in order to expand our market shares in the property management service industry in the PRC; (ii) invest in intelligent systems to improve our service quality and enhance our customers' experience; (iii) upgrade our internal information technology system to enhance operational efficiency; and (iv) continue to recruit more technical and managerial talents and provide trainings to our employees for the expansion of our operations. For further details, please see "Business – Our Strategies" in this prospectus. Our Directors have recognised the need for additional capital to expand our business and effectively implement our business strategies.

Whilst our Group was able to expand our business using internally generated funds and bank borrowings during the Track Record Period, our Group still plans to seek equity or equity-linked financing as it would ease our cash flow. As an asset-light company, it is hard for us to negotiate favourable terms with banks and financial institutions as we may not be able to offer collaterals. The Listing, which allows us to access the capital market for fund raising, will assist our future development and strengthen our competitiveness. We will be able to raise funds through the issuance of equity and/or debt securities when necessary. We believe that the Listing would also enhance the liquidity of our Shares which would be freely traded on the Stock Exchange and broaden our shareholder base. An enhanced capital structure would place us in a better position to negotiate with banks and financial institutions and enhance our access to capital for future growth with opportunities to raise funds.

Enhance employee incentive and commitment

Human resources are vital to our business. The status of being a listed company can help us strengthen our manpower and attract, recruit and retain our valued management personnel and skilled employees and provide additional incentive. Our Directors consider that in choosing between a listed or private company, the Listing will offer extra job security and financial confidence to our employees and job applicants. An integrated and stable workforce will improve the quality of our services and efficiency of our day-to-day operations to the benefit of our long-term development and competitiveness.

HONG KONG UNDERWRITERS

ICBC International Securities Limited

Guotai Junan Securities (Hong Kong) Limited

Huatai Financial Holdings (Hong Kong) Limited

ABCI Securities Company Limited

Haitong International Securities Company Limited

UOB Kay Hian (Hong Kong) Limited

Victory Securities Company Limited

Silk Road International Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, We are offering 6,668,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

(a) the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and

(b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and ICBC International Capital (for itself and on behalf of the other Underwriters)),

the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and ICBC International Capital (for itself and on behalf of the other Hong Kong Underwriters) by 12:00 noon on or before Monday, 4 November 2019, the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to us from ICBC International Capital (for itself and on behalf of the other Hong Kong Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of ICBC International Capital:

(i) that any statement contained in any of this prospectus and the Application Forms and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**"), was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of ICBC International Capital (for itself and on behalf of the other Hong Kong Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute an omission therefrom; or

(iii) any breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, our executive Directors and the Controlling Shareholders (the "**Warrantors**") pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(v) any change or development involving a prospective adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group ("**Group Company**"); or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Hong Kong Underwriting Agreement; or

(vii) the approval by the Listing Committee of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (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

(viii) we withdraw any of the Relevant Documents or the Global Offering; or

(ix) any person (other than the Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the other Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

(x) that a petition or an order is presented for the winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

(xi) an authority or a political body or organisation in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of the Directors and senior management member of our Group as set out in the section headed "Directors, Senior Management and Employees" of this prospectus; or

(xii) a portion of the orders in the bookbuilding process, which is considered by ICBC International Capital (for itself and on behalf of the other Hong Kong Underwriters) in its absolute opinion to be material, as the time the International Underwriting Agreement is entered into, have been withdrawn, terminated or cancelled, and ICBC International Capital, in its sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(xiii) any loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by ICBC International Capital (for itself and on behalf of the other Hong Kong Underwriters) in its sole and absolute opinion to be material; or

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange; or

(iv) any new law(s), rule(s), statute(s), ordinance(s), regulation(s), guideline(s), opinion(s), notice(s), circular(s), order(s), judgment(s), decree(s) or ruling(s) of any governmental authority ("**Law(s)**"), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, Singapore, the United States, the Cayman Islands, the BVI, the United Kingdom, the European Union (or any member thereof) or any other jurisdictions relevant to any Group Company or the Global Offering (the "**Specific Jurisdictions**"); or

(v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any 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 fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or

(viii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any Group Company or any of the Warrantors; or

(x) any of the Directors and senior management member of our Group as set out in the section headed "Directors, Senior Management and Employees" of this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(xi) the chairman or chief executive officer of our Company vacating his or her office; or

(xii) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xiii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or

(xv) non-compliance of this prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering; or

(xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity,

which in each case individually or in aggregate in the sole and absolute opinion of the ICBC International Capital (for itself and on behalf of the other Hong Kong Underwriters):

(a) has or is or will or may or could be expected to have an adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or position or prospects or risks of our Company or our Group or any Group Company or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have an adverse effect on the success, marketability or pricing 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

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or shall otherwise result in an interruption to or delay thereof; or

(d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings given to the Stock Exchange pursuant to the Listing Rules

By us

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to issue any such Shares or securities within six months from the Listing Date (whether or not such issue of Shares will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Global Offering, the Over-allotment Option or the Stock Borrowing Agreement, it shall not:

(a) in the period commencing on the date by reference to which disclosure of its shareholdings in our 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 our securities that it is shown to beneficially own in this prospectus (the "**Relevant Shares**"); or

(b) in the period of a further six months commencing on the date on which the period referred to in paragraph (a) 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 Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholdings in us is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any securities in our Company beneficially owned by it in favor of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings given to the Hong Kong Underwriters

Undertakings by us

We have undertaken to each of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), we will not, and will procure each other Group Company not to, without the prior written consent of ICBC International Capital (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, 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 pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, 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 other warrants or other rights to purchase, any Shares or any shares of such other Group Company, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of us or any shares or other securities of such other Group Company, as applicable, 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 Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable); or

(c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of us or shares or other securities of such other Group Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

We have also undertaken that it will not, and will procure each other Group Company not to, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**").

In the event that, during the Second Six-Month Period, we enter into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, we shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

By our Controlling Shareholders

Each of our Controlling Shareholders has undertaken and severally to each of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the other Hong Kong Underwriters that, except pursuant to the Stock Borrowing Agreement and in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of ICBC International Capital (for itself and on behalf of the other Hong Kong Underwriters):

(i) at any time during the First Six-Month Period, it/he shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him and the companies controlled by it/he (together, the "**Controlled Entities**") shall not,

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (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 Shares) beneficially owned by it/him directly or indirectly through its Controlled Entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or

(c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, which any of the foregoing transactions referred to in sub-paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(ii) at any time during the Second Six-Month Period, it/he shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in (i)(a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he would cease to be a "controlling shareholder" (as defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be "Controlling Shareholders" (as defined in the Listing Rules) of our Company;

(iii) in the event that it/he/she enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, it/he shall take all reasonable steps to ensure that it/he will not create a disorderly or false market for any Shares or other securities of our Company; and

(iv) it/he/she shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/he or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

Each of the Controlling Shareholders has further undertaken to each of our Company, the Stock Exchange, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the other Hong Kong Underwriters that, within the period from the date by reference to which disclosure of their shareholding in us is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he will:

(i) when it/he pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform us and the Sole Sponsor in writing of such indications.

Underwriters' interests in our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The International Offering

International Offering

In connection with the International Offering, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares initially being offered pursuant to the International Offering. For further details, please see "Structure and Conditions of the Global Offering — International Offering" in this prospectus.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of ICBC International Capital on behalf of the International Underwriters from the Listing Date until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require us to issue and allot up to an aggregate of 10,002,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Global Offering and at the Offer Price, to cover, among other things, any over-allocations which may be made in connection with the distribution of the International Offer Shares.

Total Commission and Expenses

We will pay ICBC International Capital (for itself and on behalf of the other Underwriters) an underwriting commission of 2.0% of the aggregate Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering (excluding any International Offer Shares reallocated to the Hong Kong Public Offering and any Hong Kong Offer Shares reallocated to the International Offering), out of which the Underwriters will pay all sub-underwriting commission, if any. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to ICBC International Capital and the relevant International Underwriters, but not the Hong Kong Underwriters. In addition, we may, at our discretion, pay to Underwriters an additional incentive fee.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$2.09 (being the mid-point of the Offer Price Range), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to RMB33.9 million in total and are payable by us.

Indemnity

We have undertaken to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Sole Sponsor, the Joint Global Coordinators and the Hong Kong Underwriters (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose 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 authorised or to any person to whom it is unlawful to make such an offer or invitation.

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 (subject to reallocation):

- the Hong Kong Public Offering of initially 6,668,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described below in the paragraph headed "The Hong Kong Public Offering"; and
- the International Offering of initially 60,012,000 Offer Shares (subject to reallocation and the Over-allotment Option as described below) outside the United States (including to professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or
- apply for or indicate an interest for the International Offer Shares under the International Offering,

but may not do both.

The 66,680,000 Offer Shares in the Global Offering will represent approximately 25% of our enlarged share capital immediately after the completion of the Global Offering and the Capitalisation Issue, 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 our enlarged share capital immediately following the completion of the Global Offering and the Capitalisation Issue.

References to applications, application forms, application monies or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 6,668,000 Offer Shares, representing 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, assuming 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 that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out below in "Conditions of the Global Offering".

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based 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. We may, if necessary, allocate the Hong Kong Offer Shares on the basis 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.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools:

- ***Pool A***: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable); and

- ***Pool B***: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 3,334,000 Hong Kong Offer Shares will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of ICBC International Capital, subject to the following:

(a) where the International Offer Shares are fully subscribed or oversubscribed:

  (i) if the Hong Kong Offer Shares are undersubscribed, ICBC International Capital has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as ICBC International Capital deems appropriate;

(ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 6,668,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 13,336,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering in accordance with the clawback requirements set out in paragraph 4.2 of Practice Note 18 of the Listing Rules, so that the total number of Hong Kong Offer Shares will be increased to 20,004,000 Offer Shares (in the case of (1)), 26,672,000 Offer Shares (in the case of (2)) and 33,340,000 Offer Shares (in the case of (3)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively;

(b) where the International Offer Shares are undersubscribed:

(i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 6,668,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 13,336,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the Offer Price Range (i.e. HK$1.90 per Offer Share) according to HKEX Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

In all cases of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced.

Applications

Each applicant under the Hong Kong Public Offering will 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 has 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 International 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 International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, maximum price of HK$2.28 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% on each Offer Share, amounting to a total of HK$4,605.95 for one board lot of 2,000 Shares. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in the paragraph headed "Pricing and Allocation", is less than the maximum price of HK$2.28 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For further details, please see "How to Apply for Hong Kong Offer Shares".

THE INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Offering 60,012,000 Offer Shares, representing 90% of the Offer Shares under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the International Offering will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised.

Allocation

The International Offer Shares will conditionally be offered to selected professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. 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. Prospective professional, institutional and other investors will be required to specify the number of the International 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 the Price Determination Date.

Allocation of the International Offer Shares pursuant to the International Offering will be determined by ICBC International Capital and will be based on a number of factors including the level and timing of demand, 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, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of us and our Shareholders as a whole.

ICBC International Capital (for itself and 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 ICBC International Capital so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any applications of Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement as described above in the paragraph headed "The Hong Kong Public Offering — Reallocation" or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by ICBC International Capital (for itself and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to 10,002,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things (such as effecting the permitted stabilising actions as set out in the paragraph headed "Stabilisation" below), cover over-allocations which may be made in connection with the distribution of the International Offer Shares.

If the Over-allotment Option is exercised in full, the additional Shares to be issued pursuant thereto will represent approximately 3.6% of our enlarged issued share capital immediately following the completion of the Global Offering and the Capitalisation Issue. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation 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 a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any persons acting for it, to conduct any such stabilising action. Such stabilising action, if taken, will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong under the Securities and Futures (Price Stabilising) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in Shares should note that:

- the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;

- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;

- liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market, may have an adverse impact on the market price of the Shares;

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date and is expected to expire on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price, which means that stabilising bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Offer Shares.

We will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to enter into an agreement with Silver Huang, our Controlling Shareholder, to borrow, whether on its own or through its affiliates, up to 10,002,000 Shares, representing 15% of the total number of the Offer Shares initially available for the Global Offering. The stock borrowing arrangement under such an agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with as follows:

- such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares to be borrowed from Silver Huang by the Stabilising Manager (or any person acting for it) is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;

- the same number of Shares so borrowed must be returned to Silver Huang or its nominee(s) within three business days following the earlier of (a) the last day on which the Over-allotment Option may be exercised, and (b) the day on which the Over-allotment Option is exercised in full;

- the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and other regulatory requirements; and

- no payment will be made to Silver Huang by the Stabilising Manager (or any person acting for it) in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Our Company and ICBC International Capital (for itself and on behalf of the Underwriters) will determine the Offer Price and sign an agreement on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Wednesday, 30 October 2019 and in any event, not later than Monday, 4 November 2019.

The Offer Price will not be more than HK$2.28 per Offer Share and is expected to be not less than HK$1.90 per Offer Share, unless otherwise announced, as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum price of HK$2.28 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% fee, amounting to a total of HK$4,605.95 for one board lot of 2,000 Shares.

If the Offer Price, as finally determined in the manner described below, is lower than HK$2.28, we will refund the respective difference, including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies. We will not pay interest on any refunded amounts. For further details, please see "How to Apply for Hong Kong Offer Shares" in this prospectus.

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.

ICBC International Capital (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of us, reduce the number of Offer Shares and/or the Offer Price Range below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) of the reduction. Such notice will also be posted on our website at **www.yinchenglife.hk** and the website of the Stock Exchange at **www.hkexnews.hk** (the contents of the website do not form a part of this prospectus). Upon issue of such a notice, the revised number of Offer Shares and/or offer price range will be final and conclusive and the Offer Price, if agreed upon by us, will be fixed within such revised offer price range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the 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 confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with us and ICBC International Capital (for itself and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price Range is reduced, applicants 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.

In the event of a reduction in the number of Offer Shares, ICBC International Capital may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised).

The final Offer Price, the level of indication of interest in the International Offering, the basis of allotment of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on:

- the Listing Committee granting approval for the listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option);

- the Offer Price having been agreed between us and ICBC International Capital (on behalf the Underwriters);

- the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the 30th date after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and ICBC International Capital (for itself and on behalf of the Underwriters) by 12:00 noon on or before Monday, 4 November 2019, the Global Offering (including the Hong Kong Public 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, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and our website at **www.yinchenglife.hk** and the website of the Stock Exchange at **www.hkexnews.hk** on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares — 13. Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other conditions, us and ICBC International Capital (for itself and on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarised in the section headed "Underwriting" in this prospectus.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 6 November 2019, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 6 November 2019.

The Shares will be traded in board lots of 2,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.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.

Our Company, ICBC International Capital, the **White Form eIPO** 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 **White Form eIPO** 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 form must be signed by a duly authorised 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, ICBC International Capital 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 **White Form eIPO** 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 our Company and/ or any of our subsidiaries;
- are a Director or chief executive officer of our Company and/ or any of our subsidiaries;
- are an associate (as defined in the Listing Rules) of any of the above;
- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our 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.

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.eipo.com.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 from 9:00 a.m. on Friday, 25 October 2019 to until 12:00 noon on Wednesday, 30 October 2019 from:

(i) any of the following offices of the Hong Kong Underwriters:

ICBC International Securities Limited	37/F, ICBC Tower, 3 Garden Road, Hong Kong
Guotai Junan Securities (Hong Kong) Limited	27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong
Huatai Financial Holdings (Hong Kong) Limited	62/F, The Centre, 99 Queen's Road Central, Hong Kong
ABCI Securities Company Limited	10/F, Agricultural Bank of China Tower, 50 Connaught Road Central, Hong Kong

Haitong International Securities Company Limited	22/F, Li Po Chun Chambers,189 Des Voeux Road Central, Hong Kong
UOB Kay Hian (Hong Kong) Limited	15/F China Building, 29 Queen's Road Central, Central, Hong Kong
Silk Road International Capital Limited	Room 2901, 29/F, Two IFC, 8 Finance Street, Central Hong Kong
Victory Securities Company Limited	Room 1101-3, 11/F, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong

(ii) any of the branches of the following receiving banks:

Hong Kong Island	Queen's Road Central Branch	Basement, Ground Floor and First Floor of 122 QRC, Nos. 122-126 Queen's Road Central, Hong Kong
	Admiralty Branch	Shop 1013-1014, 1/F, United Centre, 95 Queensway, Admiralty, 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
	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

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 25 October 2019 until 12:00 noon on Wednesday, 30 October 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

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 – Yincheng Life Service Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Friday, 25 October 2019 — 9:00 a.m. to 5:00 p.m.
Saturday, 26 October 2019 — 9:00 a.m. to 1:00 p.m.
Monday, 28 October 2019 — 9:00 a.m. to 5:00 p.m.
Tuesday, 29 October 2019 — 9:00 a.m. to 5:00 p.m.
Wednesday, 30 October 2019 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 30 October 2019, the last application day or such later time as described in "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 White Form eIPO service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/ or ICBC International Capital (or its agents or nominees), as agents of our 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 Companies Ordinance, 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 our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers 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);

(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 our Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers 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 our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers, and the Underwriters nor any of their respective officers or advisers 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) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/ or our agents to send any Share certificate(s) and/ or any e-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 have fulfilled the criteria mentioned in "2. Who can apply" in this section to collect the 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 our Company, our Directors and ICBC International Capital 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;

(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 **White Form eIPO** 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 Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO service

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 25 October 2019 until 11:30 a.m. on Wednesday, 30 October 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 30 October 2019 or such later time under the "Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** 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 **White Form eIPO** service more than once and obtaining different application 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 **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our 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).

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Yincheng Life Service CO., Ltd." White Form eIPO application submitted via **www.eipo.com.hk** to support sustainability.

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 Center
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 authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, ICBC International Capital and our Hong Kong 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;

(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, will not apply for or take up, or indicate an interest for, any Offer Shares under 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 authorised to give those instructions as their agent;

- confirm that you understand that our Company, our Directors and ICBC International Capital 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 our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send 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 our Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers 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 our Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/ or their respective advisers 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;

- 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 our 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 our 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 our Company, for ourselves and for the benefit of each Shareholder (and so that our Company will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

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 our Company or any other person in respect of the things mentioned below:

- instructed and authorised 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 authorised 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 authorised 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 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 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.

Time for Inputting Electronic Application Instructions

CCASS Clearing/ Custodian Participants can input electronic application instructions at the following times on the following dates [(1)]:

- **Friday, 25 October 2019 — 9:00 a.m. to 8:30 p.m.**
- **Monday, 28 October 2019 — 8:00 a.m. to 8:30 p.m.**
- **Tuesday, 29 October 2019 — 8:00 a.m. to 8:30 p.m.**
- **Wednesday, 30 October 2019 — 8:00 a.m. to 12:00 noon**

Note:

(1) The times in this sub-section 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.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Friday, 25 October 2019 until 12:00 noon on Wednesday, 30 October 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 Wednesday, 30 October 2019, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

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, our 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 "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

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 **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider 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. Our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** 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 Wednesday, 30 October 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 **White Form eIPO** 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).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for 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 White Form eIPO service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 2,000 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.eipo.com.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, please see "Structure and Conditions of the Global Offering — Pricing and Allocation".

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if:

- a tropical cyclone warming signal number 8 or above; or
- "extreme conditions" caused by a super typhoon; or
- a "black" rainstorm warning,

is/are in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 30 October 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 Wednesday, 30 October 2019 or if a tropical cyclone warning signal number 8 or above or "extreme conditions" caused by a super typhoon or a "black" rainstorm warning signal is/are in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our 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 Tuesday, 5 November 2019 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on our Company's website at **www.yinchenglife.hk** and the website of the Stock Exchange at **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 our website at **www.yinchenglife.hk** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Tuesday, 5 November 2019;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, 5 November 2019 to 12:00 midnight on Monday, 11 November 2019;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, 5 November 2019 to Friday, 8 November 2019;
- in the special allocation results booklets which will be available for inspection during opening hours on Tuesday, 5 November 2019, Wednesday, 6 November 2019 and Thursday, 7 November 2019 at all the receiving bank branches and sub-branches.

If our 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 the section headed "Structure and Conditions 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 **White Form eIPO** Service Provider, 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 our 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.

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, ICBC International Capital, the **White Form eIPO** 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 does not grant permission to list the 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 our 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 **White Form eIPO** 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;
- our Company or ICBC International Capital believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 3,334,000 Shares 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$2.28 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 and Conditions 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 Tuesday, 5 November 2019.

14. DESPATCH/ COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one 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 Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the 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:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour 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 Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Tuesday, 5 November 2019. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 6 November 2019 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the 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 Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/ or Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 5 November 2019 or such other date as notified by us in the newspapers.

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 authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/ or 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 Share certificate(s) will be sent to the address on the relevant Application Form on or before Tuesday, 5 November 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 for collecting refund cheque(s). 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 Tuesday, 5 November 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 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 Tuesday, 5 November 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 Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- ***If you are applying as a CCASS investor participant***

Our 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 "Publication of Results" above. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 5 November 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 White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 5 November 2019, or such other date as notified by us in the newspapers as the date of despatch/ collection of Share certificates/ e-Refund system payment instructions/ refund cheques.

If you do not collect your 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 Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, 5 November 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 system 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 Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your 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 Tuesday, 5 November 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our 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 "Publication of Results" above on Tuesday, 5 November 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 5 November 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 Tuesday, 5 November 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 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 Tuesday, 5 November 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the 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 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 adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report on Yincheng Life Service CO., Ltd. prepared for the purpose of incorporation in this prospectus received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

The Directors
Yincheng Life Service Co., Ltd.
ICBC International Capital Ltd.

Dear Sirs,

We report on the historical financial information of Yincheng Life Service CO., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-5 to I-92, which comprises the combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2016, 2017 and 2018, and the four months ended 30 April 2019 (the "**Relevant Periods**"), and the combined statements of financial position of the Group as at 31 December 2016, 2017 and 2018 and 30 April 2019 and the statement of financial position of the Company as 30 April 2019 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-5 to I-92 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 25 October 2019 (the "**Prospectus**") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' 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 accountants' 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 accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 accountants' report, a true and fair view of the financial position of the Group as at 31 December 2016, 2017 and 2018 and 30 April 2019 and the Company as at 30 April 2019 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the combined statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2018 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim 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 Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange 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-5 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong
25 October 2019

I HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**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.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Four months ended 30 April	
	Notes	**2016**	**2017**	**2018**	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
REVENUE	*6*	227,369	305,901	467,666	125,146	185,116
Cost of sales		(178,019)	(254,805)	(399,738)	(103,242)	(156,792)
GROSS PROFIT		49,350	51,096	67,928	21,904	28,324
Other income and gains	*6*	6,731	8,201	9,548	2,677	710
Selling and distribution expenses		(1,291)	(3,610)	(3,722)	(916)	(1,267)
Administrative expenses		(22,364)	(24,752)	(29,774)	(6,969)	(11,764)
Other expenses		(522)	(842)	(650)	(3)	(33)
Impairment losses on financial assets, net		—	—	(3,204)	(648)	(679)
Finance costs	*8*	(599)	(2,743)	(3,193)	(1,147)	(902)
PROFIT BEFORE TAX		31,305	27,350	36,933	14,898	14,389
Income tax expense	*11*	(8,111)	(7,529)	(9,843)	(4,843)	(4,475)
PROFIT FOR THE YEAR/PERIOD		23,194	19,821	27,090	10,055	9,914
Profit/(loss) attributable to:						
Owners of the parent		23,577	20,591	27,331	10,874	10,104
Non-controlling interests		(383)	(770)	(241)	(819)	(190)
		23,194	19,821	27,090	10,055	9,914
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	*13*	N/A	N/A	N/A	N/A	N/A

	Notes	Year ended 31 December			Four months ended 30 April	
		2016	2017	2018	2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
OTHER COMPREHENSIVE INCOME						
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:						
Available-for-sale investments						
Changes in fair value		223	(342)	—	—	—
Reclassification adjustments for gains Included in profit or loss — gain on disposal		—	(223)	—	—	—
Income tax effect		(56)	141	—	—	—
		167	(424)	—	—	—
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR/PERIOD		167	(424)	—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		23,361	19,397	27,090	10,055	9,914
Total comprehensive income/(expense) attributable to:						
Owners of the parent		23,744	20,167	27,331	10,874	10,104
Non-controlling interests		(383)	(770)	(241)	(819)	(190)
		23,361	19,397	27,090	10,055	9,914

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2016	31 December 2017	31 December 2018	30 April 2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	10,332	16,879	26,237	35,835
Right-of-use assets	*16*	5,287	12,207	22,239	19,919
Intangible assets	*15*	98	105	151	150
Investments in associates	*17*	550	750	750	1,107
Available-for-sale investments	*19*	—	8,658	—	—
Financial assets at fair value through profit and loss ("**FVTPL**")	*20*	—	—	17,248	17,586
Deferred tax assets	*18*	908	1,229	2,656	3,585
Total non-current assets		17,175	39,828	69,281	78,182
CURRENT ASSETS					
Inventories	*21*	859	828	670	765
Trade receivables	*22*	17,926	30,291	55,530	88,045
Due from related companies	*34*	4,415	16,008	122,976	132,475
Prepayments, deposits and other receivables	*23*	4,465	10,915	17,411	24,786
Available-for-sale investments	*19*	37,722	—	—	—
Cash and cash equivalents	*24*	144,736	202,532	121,368	71,097
Total current assets		210,123	260,574	317,955	317,168
CURRENT LIABILITIES					
Trade payables	*25*	2,831	4,677	13,889	7,969
Other payables, deposits received and accruals	*26*	67,021	85,757	105,786	106,600
Contract liabilities	*27*	57,748	89,301	115,869	124,843
Due to related companies	*34*	1,867	1,842	3,459	2,767
Interest-bearing bank borrowings	*28*	10,000	10,000	30,000	30,000
Tax payable		3,081	3,064	4,562	1,763
Lease liabilities	*16*	12,729	11,864	24,212	22,304
Total current liabilities		155,277	206,505	297,777	296,246
NET CURRENT ASSETS		54,846	54,069	20,178	20,922
TOTAL ASSETS LESS CURRENT LIABILITIES		72,021	93,897	89,459	99,104

	Notes	31 December 2016	31 December 2017	31 December 2018	30 April 2019
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	28	40,000	30,000	—	—
Lease liabilities	16	—	11,671	16,290	14,521
Total non-current liabilities		40,000	41,671	16,290	14,521
NET ASSETS		32,021	52,226	73,169	84,583
EQUITY					
Equity attributable to owners of the parent					
Share capital	29	—	—	—	—
Reserves	30	31,920	52,087	72,326	83,703
		31,920	52,087	72,326	83,703
Non-controlling interests		101	139	843	880
TOTAL EQUITY		32,021	52,226	73,169	84,583

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital	Merger reserve*	Investment revaluation reserve*	Statutory surplus reserve*	Retained profits/ (accumulated losses)*	Total	Non-controlling interests	Total equity
	RMB'000 *(note 29)*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2016	—	12,257	—	1,199	(2,466)	10,990	1,654	12,644
Profit/(loss) for the year	—	—	—	—	23,577	23,577	(383)	23,194
Other comprehensive income for the year:								
Changes in fair value of investments, net of tax	—	—	167	—	—	167	—	167
Total comprehensive income/(expense) for the year	—	—	167	—	23,577	23,744	(383)	23,361
Capital payment to the then equity shareholders under common control	—	(700)	—	—	—	(700)	—	(700)
Acquisition of non-controlling interests by the then shareholders under common control	—	770	—	—	—	770	(1,463)	(693)
Acquisition of a subsidiary *(note 32)*	—	—	—	—	—	—	293	293
Appropriations to statutory surplus reserve	—	—	—	2,077	(2,077)	—	—	—
Distribution declared to the then equity shareholders	—	—	—	—	(2,884)	(2,884)	—	(2,884)
As at 31 December 2016 and 1 January 2017	—	12,327	167	3,276	16,150	31,920	101	32,021
Profit/(loss) for the year	—	—	—	—	20,591	20,591	(770)	19,821
Other comprehensive expense for the year:								
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	(167)	—	—	(167)	—	(167)
Changes in fair value of investments, net of tax	—	—	(257)	—	—	(257)	—	(257)
Total comprehensive income/(expense) for the year	—	—	(424)	—	20,591	20,167	(770)	19,397
Appropriations to statutory surplus reserve	—	—	—	2,277	(2,277)	—	—	—
Capital contribution from non-controlling Shareholders	—	—	—	—	—	—	220	220
Acquisition of a subsidiary *(note 32)*	—	—	—	—	—	—	588	588
As at 31 December 2017 and 1 January 2018	—	12,327	(257)	5,553	34,464	52,087	139	52,226
Impact of adopting IFRS 9 *(Note 2.2)*	—	—	257	—	(504)	(247)	—	(247)
As at 1 January 2018 (restated)	—	12,327	—	5,553	33,960	51,840	139	51,979
Profit/(loss) for the year	—	—	—	—	27,331	27,331	(241)	27,090

	Attributable to owners of the parent							
	Share capital	Merger reserve*	Investment revaluation reserve*	Statutory surplus reserve*	Retained profits/ (accumulated losses)*	Total	Non-controlling interests	Total equity
	RMB'000 *(note 29)*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total comprehensive income/(expense) for the year	—	—	—	—	27,331	27,331	(241)	27,090
Disposal of partial equity of a subsidiary to the non-controlling shareholder	—	(345)	—	—	—	(345)	945	600
Capital contribution by the then equity shareholders under common control	—	37,900	—	—	—	37,900	—	37,900
Transfer from retained earnings to capital by the then equity shareholders under common control	—	1,100	—	(1,100)	—	—	—	—
Capital contribution upon the Reorganisation	—	(1,500)	—	—	—	(1,500)	—	(1,500)
Appropriations to statutory surplus reserve	—	—	—	2,761	(2,761)	—	—	—
Distribution declared to the then equity shareholders	—	—	—	—	(42,900)	(42,900)	—	(42,900)
As at 31 December 2018 and 1 January 2019	—	49,482	—	7,214	15,630	72,326	843	73,169
As at 31 December 2018 and 1 January 2019	—	49,482	—	7,214	15,630	72,326	843	73,169
Profit/(loss) for the period	—	—	—	—	10,104	10,104	(190)	9,914
Total comprehensive income/(expense) for the period	—	—	—	—	10,104	10,104	(190)	9,914
Acquisition of non-controlling interests	—	(227)	—	—	—	(227)	227	—
Capital contribution upon the Reorganisation	—	1,500	—	—	—	1,500	—	1,500
As at 30 April 2019	—	50,755	—	7,214	25,734	83,703	880	84,583
As at 31 December 2017 and 1 January 2018	—	12,327	(257)	5,553	34,464	52,087	139	52,226
Impact of adopting IFRS 9 *(Note 2.2)*	—	—	257	—	(504)	(247)	—	(247)
As at 1 January 2018 (restated)	—	12,327	—	5,553	33,960	51,840	139	51,979
Profit/(loss) for the period	—	—	—	—	10,874	10,874	(819)	10,055
Total comprehensive income/(expense) for the period	—	—	—	—	10,874	10,874	(819)	10,055
Capital contribution upon the Reorganisation	—	(1,500)	—	—	—	(1,500)	—	(1,500)
Disposal of partial equity of a subsidiary to the non-controlling shareholder	—	(345)	—	—	—	(345)	945	600
As at 30 April 2018 (unaudited)	—	10,482	—	5,553	44,834	60,869	265	61,134

* These reserve accounts represent the total combined reserves of RMB31,920,000, RMB52,087,000, RMB72,326,000 and RMB83,703,000 in the combined statements of financial position as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively.

COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Four months ended 30 April	
		2016	2017	2018	2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		31,305	27,350	36,933	14,898	14,389
Adjustments for:						
Depreciation of items of property, plant and equipment	*7&14*	2,043	1,790	3,546	1,307	1,907
Depreciation of right-of-use assets	*7&16*	5,288	5,774	6,852	2,226	2,320
Amortisation of intangible assets	*7&15*	16	23	37	8	16
Loss/(gain) on disposal of items of property, plant and equipment	*7*	89	(1)	(47)	—	—
Gain on bargain purchase	*6*	(1,023)	—	—	—	—
Impairment losses on financial assets, net	*7*	—	—	3,204	648	679
Other impairment losses recognised	*7*	390	812	215	—	—
Changes in fair value of financial assets at FVTPL		—	—	410	—	—
Finance costs	*8*	599	2,743	3,193	1,147	902
Investment income	*6*	(2,462)	(5,686)	(6,598)	(2,471)	(469)
Interest income	*6*	(297)	(134)	(169)	(62)	(149)
		35,948	32,671	47,576	17,701	19,595
(Increase)/decrease in inventories		(153)	35	(58)	65	(96)
Increase in trade receivables		(7,409)	(13,094)	(28,347)	(31,972)	(27,027)
Increase in prepayments, deposits and other receivables		(1,529)	(4,959)	(8,035)	(3,206)	(7,806)
Decrease/(increase) in amounts due from related companies		6,496	(11,594)	(21,631)	12,012	10,030
(Decrease)/increase in trade payables		(66)	1,823	9,212	(1,548)	(5,922)
Increase/(decrease) in other payables, deposits received and accruals		8,888	16,865	18,167	(4,086)	1,218
Increase/(decrease) in contract liabilities		16,252	31,148	26,568	(138)	6,402
(Decrease)/increase in amounts due to related companies		(395)	(25)	1,782	(5,659)	(691)

	Notes	Year ended 31 December 2016	2017	2018	Four months ended 30 April 2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash generated/(used in) from operations		58,032	52,870	45,234	(16,831)	(4,297)
Interest received	*6*	297	134	169	62	149
Interest paid		(85)	(2,287)	(1,806)	(475)	(356)
Tax paid		(5,954)	(5,545)	(7,883)	(5,633)	(11,810)
Net cash flows from/(used in) operating activities		52,290	45,172	35,714	(22,877)	(16,314)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment	*14*	(9,578)	(8,290)	(13,188)	(1,159)	(11,265)
Purchase of intangible assets	*15*	(114)	(30)	(83)	—	—
Purchase of available-for-sale investments		(432,836)	(628,281)	—	—	—
Withdrawal of available-for-sale investments		411,536	656,781	—	—	—
Purchase of financial assets at FVTPL		—	—	(405,295)	(212,000)	(32,000)
Withdrawal of financial assets at FVTPL		—	—	396,295	85,000	32,000
Acquisition of subsidiaries	*32*	4,029	1,051	—	—	(375)
Capital payment to the then equity shareholders under common control		(700)	—	—	—	—
Investments in associates		(550)	(200)	—	—	(357)
Advances to associates	*34*	—	—	(30)	(30)	(860)
Advances to third parties		(612)	(2,000)	(830)	—	—
Payment of advances to third parties		—	—	2,000	—	—
Advances to related companies	*34*	—	—	(100,771)	(300)	(104,671)
Payment of advances to related companies	*34*	7,145	—	10,464	100	86,001
Investment income from the unlisted fund investments		2,462	5,686	6,598	1,690	131
Proceeds from disposal of property, plant and equipment		147	31	331	—	—
Net cash flows (used in)/from investing activities		(19,071)	24,748	(104,509)	(126,699)	(31,396)

	Notes	Year ended 31 December 2016	2017	2018	Four months ended 30 April 2018	2019
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Acquisition of non-controlling interests by the then shareholders under common control		(693)	—	—	—	—
Capital contribution by the then equity shareholders of subsidiaries		—	—	37,900	—	—
Capital contribution upon the Reorganisation		—	—	(1,500)	(1,500)	1,500
Disposal of partial equity of a subsidiary to the non-controlling shareholder		—	—	600	600	—
Dividends paid to the then equity shareholders		(2,884)	—	(37,900)	—	—
Capital contribution from non-controlling shareholders of the subsidiaries		—	220	—	—	—
Advances from related companies	*34*	2,486	—	—	—	—
Repayment of advances from related companies	*34*	(821)	—	(1,665)	—	—
Advances from associates	*34*	—	3,000	1,500	1,500	1,500
Repayment of advances from associates	*34*	—	(3,000)	—	—	(1,500)
Payment of lease liabilities	*16*	(2,201)	(2,344)	(1,304)	(347)	(4,061)
Proceeds from interest-bearing bank borrowings		50,000	—	—	—	—
Repayment of interest-bearing bank borrowings		—	(10,000)	(10,000)	—	—
Net cash flows from/(used in) financing activities		45,887	(12,124)	(12,369)	253	(2,561)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		79,106	57,796	(81,164)	(149,323)	(50,271)
Cash and cash equivalents at beginning of year/period		65,630	144,736	202,532	202,532	121,368
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		144,736	202,532	121,368	53,209	71,097

	Notes	Year ended 31 December 2016	2017	2018	Four months ended 30 April 2018	2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*24*	144,736	202,532	121,368	53,209	71,097
CASH AND CASH EQUIVALENTS AS STATED IN THE COMBINED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS		144,736	202,532	121,368	53,209	71,097

STATEMENT OF FINANCIAL POSITION

	30 April 2019
	RMB'000
CURRENT ASSETS	
Cash and cash equivalents	—
Prepayments, deposits and other receivables	—
Total current assets	—
NON-CURRENT ASSETS	
Investments in subsidiaries	—
Total non-current assets	—
NET CURRENT ASSETS	—
TOTAL ASSETS LESS CURRENT LIABILITIES	—
NET ASSETS	—
EQUITY	
Equity attributable to owners of the parent	
Share capital *(note 29)*	—
Reserves	—
TOTAL EQUITY	—

The Company was incorporated in the Cayman Islands on 3 April 2019. On its date of incorporation, 1 ordinary share of HKD0.01 was allotted (note 29).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries now comprising the Group were involved in the provision of property management services. The Then Parent Company of the Group is Yincheng Real Estate Group Holding Co., Ltd. (the "**Then Parent Company**") before the Reorganisation.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation which was completed on 28 May 2019 as set out in the paragraph headed "History, Reorganisation and Corporate Structure" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Subsidiaries	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held:					
Yincheng Property Service Holding Limited**	*(1)*	British Virgin Islands/ 11 April 2019	USD50,000	100%	Investment holding
Indirectly held:					
寧逸潤服務有限公司 Ningyirun Service CO., Limited**	*(1)*	Hong Kong of China/ 30 April 2019	HKD1	100%	Investment holding
南京成城企業管理諮詢有限公司 Nanjing Chengcheng Corporate Management Consultancy Co., Ltd. ("**Nanjing Chengcheng**")*	*(1)*	People's Republic of China ("**PRC**")/ Mainland China/ 14 May 2019	USD1,000,000	100%	Investment holding
南京銀城物業服務有限公司 Nanjing Yincheng Property Services Co., Ltd.	*(2)*	PRC/Mainland China/ 26 December 1997	RMB100,000,000	100%	Property management
南京銀城惠美佳家政服務有限公司 Nanjing Yincheng Huimeijia Home Economics Service Co., Ltd.**	*(1)*	PRC/Mainland China/ 20 March 2013	RMB1,000,000	100%	Housekeeping services

Subsidiaries	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
南京銀城健身有限公司 Nanjing Yincheng Fitness Co., Ltd.**	*(1)*	PRC/Mainland China/ 10 January 2012	RMB1,000,000	100%	Fitness services
南京銀城科技有限公司 Nanjing Yincheng Technology Co., Ltd.**	*(1)*	PRC/Mainland China/ 8 November 2000	RMB5,000,000	100%	Elevator maintenance
南京康城榮安物業服務有限公司 Nanjing Kangcheng Rongan Property Service Co., Ltd. ("**Nanjing Kangcheng**")***	*(1)*	PRC/Mainland China/ 11 December 2002	RMB5,000,000	100%	Property management
南京力標物業管理有限公司 Nanjing Libiao Property Management Co., Ltd. ("**Nanjing Libiao**")***	*(1)*	PRC/Mainland China/ 25 December 2012	RMB500,000	70%	Property management
南京先禾園林綠化工程有限公司 Nanjing Xianhe Landscape Engineering Co., Ltd.***	*(1)*	PRC/Mainland China/ 15 August 2016	RMB2,000,000	70%	Landscaping services
南京萬瑞物業管理有限公司 Nanjing Wanrui Property Management Co., Ltd. ("**Nanjing Wanrui**")***	*(1)*	PRC/Mainland China/ 30 May 2007	RMB500,000	51%	Property management
南京銀城美家裝飾工程設計有限公司 Nanjing Yincheng Meijia Decoration Engineering Design Co., Ltd.***	*(1)*	PRC/Mainland China/ 23 March 2017	RMB4,000,000	100%	Decoration services
南京燦澤建設工程有限公司 Nanjing Canze Construction Engineering Co., Ltd.**	*(1)*	PRC/Mainland China/ 28 May 2018	RMB1,000,000	100%	Engineering services
南京寧瑞斯企業管理諮詢有限公司 Nanjing Ningruisi Enterprise Management Consulting Co., Ltd.**	*(1)*	PRC/Mainland China/ 28 May 2018	RMB310,000	100%	Investment holding
南京恩斯特企業管理諮詢有限公司 Nanjing Ensite Enterprise Management Consulting Co., Ltd.**	*(1)*	PRC/Mainland China/ 28 May 2018	RMB200,000	100%	Investment holding
怡禾(無錫)物業服務有限公司 Yihe (Wuxi) Property Services Co., Ltd. ("**Yihe Wuxi**") **	*(1)*	PRC/Mainland China/ 23 May 2007	RMB3,229,600	100%	Property management

* Nanjing Chengcheng is registered as a wholly-foreign-owned enterprise under PRC law.

** These companies are wholly-owned subsidiaries of the Company.

*** These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

(1) No audited financial statements have been prepared and issued for these entities for the years ended 31 December 2016, 2017 and 2018 as these companies are not subject to any statutory audit requirement under the relevant rules and regulations.

(2) The statutory financial statements for the years ended 31 December 2016, 2017 and 2018 prepared in accordance with PRC accounting principles and regulations have been audited by Talent Certified Public Accountants LLP (天衡會計師事務所(特殊普通合夥)), a certified public accounting firm registered in the PRC.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 28 May 2019. As the Reorganisation only involved inserting a new holding company that has not resulted in a change of the respective voting and beneficial interests, the Historical Financial Information for the Relevant Periods has been presented as a continuation of the Company as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The Listing Business was carried out by Nanjing Yincheng Property Services Co., Ltd. ("**Yincheng Property Services**"). The wholly-owned subsidiary of the Company (the "**WFOE**") has entered into equity transfer agreements with Yincheng Property Services and its equity holders on 23 May 2019. These equity transfer agreements enable the WFOE to exercise effective control over Yincheng Property Services and obtain substantially all economic benefits of Yincheng Property Services. Accordingly, the Company regards Yincheng Property Services as an indirect subsidiary for the purpose of the Historical Financial Information and are combined in the Historical Financial Information continuously. Details of the equity transfer agreements are disclosed in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

2.2 BASIS OF PREPARATION

As part of the Reorganisation, the previous holding company, Yincheng Real Estate Group Holding Co., Ltd. (Predecessor) underwent a demerger process where Yincheng Real Estate Group Holding Co., Ltd. (Predecessor) was divided into two businesses: property management business and non-property management business. The property management business was included in Yincheng Property Services and the non-property management business, which is not a part of the Group, is treated as the related parties of the Group. The demerger process was completed in May, 2019. The financial information of this property management business comprises the financial information as if the demerger process, being part of the Reorganisation, had existed at the beginning of the Relevant Periods.

Accordingly, the combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows are prepared as if the current group structure had been in existence through the Relevant Periods. The combined statements of financial position as at 31 December 2016, 2017, 2018 and 30 April 2019 present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates.

All significant intragroup transactions and balances have been eliminated on consolidation.

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). Except for IFRS 9 *Financial Instruments*, all IFRSs effective for the accounting period commencing from 1 January 2018 and 1 January 2019, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Group has applied IFRS 9, which is effective for annual periods beginning on or after 1 January 2018. The Group has not restated the financial information from 1 January 2016 to 31 December 2017 for financial instruments in the scope of IFRS 9. The financial information from 1 January 2016 to 31 December 2017 is reported under International Accounting Standard 39 ("**IAS 39**") and is not comparable to the information presented for 2018. Based on evaluation, the directors of the Company are of the opinion that the differences arising from the adoption of IFRS 9 is considered immaterial, which is disclosed in note 4.

IFRS 15 *Revenue from Contracts with Customers* and amendments to IFRS 15 *Clarifications to IFRS 15 Revenue from Contracts with Customers*, which are effective for annual periods beginning on or after 1 January 2018, have been early adopted by the Company in the preparation of the Historical Financial Information throughout the Relevant Periods. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. Early adoption of IFRS 15 and its amendments is permitted.

IFRS 16 *Leases*, which is effective for annual periods beginning on or after 1 January 2019, has been early adopted by the Company in the preparation of the Historical Financial Information throughout the Relevant Periods. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. IFRS 16 includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Early adoption of IFRS 16 and its amendments is permitted.

The Historical Financial Information has been prepared under the historical cost convention, except for available-for-sale investments, financial assets at fair value through profit or loss ("**FVTPL**") which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this Historical Financial Information. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

The management of the Group anticipates that the application of the new and revised IFRSs will have no material impact on the Group's financial position and financial performance in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Business combinations other than common control combinations and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Investments in an associate and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates are stated in the combined statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the combined statements of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the combined statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its available-for-sale investments and financial assets at FVTPL at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.75%
Office equipment, electronic and other devices	9.5%–33%
Leasehold improvements	33%
	(Over the shorter of the lease terms and useful lives)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year/period end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year/period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 years.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the available practical expedients wherein it:

- uses a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applies the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application; or
- excludes the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Financial assets (under IFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, at fair value through profit or loss, and at fair value through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

— Financial assets at amortised cost (debt instruments)

— Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial assets (under IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale ("**AFS**") financial assets. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

— Loans and receivables

— AFS financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income and gains in the statements of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statements of profit or loss and other comprehensive income in finance costs for loans and in other expenses for receivables.

AFS financial assets

AFS financial assets include debt securities. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income ("OCI') and credited to the investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income and gains, or the investment is determined to be impaired, when the cumulative loss is reclassified from the investment revaluation reserve to the statements of profit or loss and other comprehensive income. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statements of profit or loss and other comprehensive income.

Derecognition of financial assets (under IAS 39 before 1 January 2018 and IFRS 9 applicable from 1 January 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets (under IAS 39 before 1 January 2018)

The Group assesses at the end of each of the Relevant Periods whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in the statements of profit or loss and other comprehensive income. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statements of profit or loss and other comprehensive income.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each of the Relevant Periods whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statements of profit or loss and other comprehensive income, is removed from OCI and recognised in the statements of profit or loss and other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statements of profit or loss and other comprehensive income. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statements of profit or loss and other comprehensive income if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statements of profit or loss and other comprehensive income.

Financial liabilities (under IAS 39 before 1 January 2018 and IFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities (under IAS 39 before 1 January 2018 and IFRS 9 applicable from 1 January 2018)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) *Provision of property management services*

Revenue from the provision of property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(b) *Provision of community value-added services*

Revenue from the community value-added services is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Other employee retirement benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The difference between the interest of the low-interest loan and the market interest rate shall be recognised as the remuneration of employees.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in Mainland China. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., consumer price index) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each of the Relevant Periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the Historical Financial Information.

Fair value of financial investment

If the market for a financial investment is not active, the Group estimates fair value by using valuation techniques as detailed in note 36 to the Historical Financial Information. The management need to make estimations on the significant unobservable inputs, such as discount rate, underlying investment's price, etc. If there is a change in any assumption of the above factors, the assessment of the fair value of financial investments will be affected.

PRC corporate income tax ("CIT")

The Group is subject to corporate income tax in the PRC. As a result of the fact that certain matters relating to the income tax have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for the income tax to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 18 to the Historical Financial Information.

4. TRANSITION DISCLOSURES

The following sets out the impact of adopting IFRS 9 on the combined statement of financial position and reserves, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses (ECLs).

A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is as follows:

In RMB'000	IAS 39 measurement		Re-	Remeasurement	IFRS 9 measurement	
Financial assets	Category	Amount	classification	ECL	Amount	Category
Due from related companies	L&R*	16,008	—	—	16,008	AC**
Trade receivables	L&R	30,291	—	(329)	29,962	AC
Financial assets included in prepayments, deposits and other receivables	L&R	8,739	—	—	8,739	AC
Cash and cash equivalents	L&R	202,532	—	—	202,532	AC
		257,570	—	(329)	257,241	
AFS		8,658	(8,658)	—	N/A	
To: Financial assets at FVTPL		—	(8,658)	—		
	AFS	8,658	(8,658)	—	N/A	
Financial assets at FVTPL		—	8,658	—	8,658	FVTPL
From: AFS			8,658		8,658	
		—	8,658		8,658	FVTPL
Trade payables	AC	4,677	—	—	4,677	AC
Financial liabilities included in other payables, deposits received and accruals	AC	47,501	—	—	47,501	AC
Due to related companies	AC	1,842	—	—	1,842	AC
Leases liabilities	AC	23,535	—	—	23,535	AC
Interest-bearing bank borrowings	AC	40,000	—	—	40,000	AC
		117,555	—	—	117,555	

** AC: Amortised cost

There was no significant impact from replacing the aggregate opening loan loss provision allowances under IAS 39 with ECL allowances under IFRS 9 on financial instruments as at 1 January 2018.

5. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property management service income and community value-added service income by project locations for the purpose of making decisions about resource allocation and performance assessment. As all the locations have similar economic characteristics and are similar in the nature of property management services, the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the property management services and community value-added services, all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the services for property management and services for community value-added services during the relevant periods.

An analysis of revenue and other income and gains is as follows:

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue					
Property management service income	168,949	232,737	367,641	105,569	154,923
Community Value-added services	58,420	73,164	100,025	19,577	30,193
	227,369	305,901	467,666	125,146	185,116

Represented by:

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from property management service income					
Recognised over time	168,949	232,737	367,641	105,569	154,923
Revenue from community value-added services					
Recognised over time	49,336	63,197	79,157	15,342	23,706
Recognised at a point in time	9,084	9,967	20,868	4,235	6,487
	227,369	305,901	467,666	125,146	185,116

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income and gains					
Interest income	297	134	169	62	149
Investment income	2,462	5,686	6,598	2,471	469
Government grants	2,856	1,855	2,564	118	66
Gain on disposal of items of property, plant and equipment	—	1	48	—	—
Gain on bargain purchase *(note 32)*	1,023	—	—	—	—
Others	93	525	169	26	26
Total	6,731	8,201	9,548	2,677	710

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December			Four months ended 30 April	
	Notes	**2016**	**2017**	**2018**	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of property management services provided		136,902	209,047	338,966	93,306	137,364
Other costs		41,117	45,758	60,557	9,936	19,428
Impairment of trade receivables	*22*	390	733	2,862	648	200
Impairment of prepayments, deposits and other receivables		—	79	342	—	479
Impairment of inventories		—	—	215	—	—
Depreciation of items of property, plant and equipment	*14*	2,043	1,790	3,546	1,307	1,907
Amortisation of intangible assets	*15*	16	23	37	8	16
Depreciation of right-of-use assets	*16*	5,288	5,774	6,852	2,226	2,320
Loss/(gain) on disposal of items of property plant and equipment		89	(1)	(47)	—	—
Rental expenses		1,582	1,630	2,726	780	1,615
Listing expense		—	—	—	—	1,339
Auditors' remuneration		224	4	193	3	638
Employee benefit expense (including directors' and chief executive's remuneration):						
Wages and salaries		117,262	164,251	246,558	70,147	97,991
Pension scheme contributions and social welfare		17,196	23,147	37,365	10,870	15,904

8. FINANCE COSTS

An analysis of finance costs is as follows:

		Year ended 31 December			Four months ended 30 April	
	Note	**2016**	**2017**	**2018**	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on bank borrowings		85	2,287	1,806	691	518
Interest on lease liabilities	*16*	514	456	1,387	456	384
		599	2,743	3,193	1,147	902

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	852	1,122	1,403	449	392
Performance-related bonuses*	613	1,052	288	—	—
Pension scheme contributions and social welfare	60	74	76	23	28
Total	1,525	2,248	1,767	472	420

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors at any time during the Relevant Periods since the Company was only incorporated on 3 April 2019, and they were appointed on 13 June 2019.

Subsequent to the end of the Relevant Periods, Mr. Li Chun Ling and Ms. Huang Xue Mei were appointed as executive directors of the Company on 13 June 2019, Mr. Huang Qing Ping was appointed as the non-executive director of the Company on 3 April 2019, and Mr. Ma Bao Hua, Mr. Zhu Li, and Mr. Xie Chen Guang were appointed as non-executive directors of the Company on 13 June 2019. Mr. Mao Ning, Mr. Li You Gen and Mr. Chow Siu Hang were appointed as independent directors of the Company on 15 October 2019, respectively.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

Year ended 31 December 2016

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
— Mr. Li Chunling	—	509	302	35	846
— Ms. Huang Xuemei	—	343	311	25	679
	—	852	613	60	1,525

Year ended 31 December 2017

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
— Mr. Li Chunling	—	742	660	49	1,451
— Ms. Huang Xuemei	—	380	392	25	797
	—	1,122	1,052	74	2,248

Year ended 31 December 2018

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
— Mr. Li Chunling	—	972	144	46	1,162
— Ms. Huang Xuemei	—	431	144	30	605
	—	1,403	288	76	1,767

Period ended 30 April 2018 (unaudited)

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
— Mr. Li Chunling	—	317	—	15	332
— Ms. Huang Xuemei	—	132	—	8	140
	—	449	—	23	472

Period ended 30 April 2019

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
— Mr. Li Chunling	—	285	—	16	301
— Ms. Huang Xuemei	—	107	—	12	119
	—	392	—	28	420

Mr. Li Chunling is the chief executive officer and an executive director of the Company. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2016, 2017 and 2018, and the four months ended 30 April 2018 and 2019 included two directors, two directors, two directors, two directors and two directors, respectively. Details of those directors' remuneration are set out in note 9 above. Details of the remuneration for the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019 of the highest paid employees who are neither a director nor chief executive of the Company, respectively, are as follows:

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances and benefits in kind	1,036	1,155	1,196	365	315
Performance-related bonuses	1,001	1,185	432	—	—
Pension scheme contributions and social welfare	52	55	92	35	44
Total	2,089	2,395	1,720	400	359

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Nil to HK$500,000	—	—	—	3	3
HKD500,001 to HKD1,000,000	3	3	3	—	—
Total	3	3	3	3	3

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the Relevant Periods.

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for the Relevant Periods.

Some subsidiaries are qualified as small low-profit enterprises and thus subject to a preferential tax rate of 10% for the Relevant Periods.

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax:					
PRC corporate income tax	8,214	7,709	11,188	4,945	5,404
Deferred tax *(note 18)*	(103)	(180)	(1,345)	(102)	(929)
Total tax charge for the year/period	8,111	7,529	9,843	4,843	4,475

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods is as follows:

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before tax	31,305	27,350	36,933	14,898	14,389
At the statutory income tax rate	7,826	6,837	9,234	3,725	3,597
Effect of different tax levy enacted by local authorities	(2)	(73)	(115)	(25)	(10)
Investment income recognised in acquisition of subsidiaries	(256)	—	—	—	—
Expenses not deductible for tax	76	119	280	21	65
Tax losses utilised from previous periods	—	(102)	(379)	(22)	(24)
Deductible temporary differences not recognised	3	11	109	(2)	(43)
Tax losses not recognised	464	737	714	1,146	890
Tax charge at the Group's effective rate	8,111	7,529	9,843	4,843	4,475

12. DIVIDENDS

No dividends have been paid or declared by the Company since its date of incorporation.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Corporate Restructuring and the Reorganisation completed on 25 May 2019 and the basis of presentation of the Historical Financial Information for the Relevant Periods as further explained in note 2.1.

14. PROPERTY, PLANT AND EQUIPMENT

	Note	Buildings	Office equipment, electronic and other devices	Leasehold improvements	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2016					
At 1 January 2016:					
Cost		—	4,806	1,170	5,976
Accumulated depreciation		—	(2,583)	(390)	(2,973)
Net carrying amount		—	2,223	780	3,003
At 1 January 2016, net of accumulated depreciation		—	2,223	780	3,003
Additions		6,365	1,905	1,308	9,578
Acquisition of subsidiaries	*32*	—	29	—	29
Disposals		—	(235)	—	(235)
Depreciation provided during the year		(101)	(727)	(1,215)	(2,043)
At 31 December 2016, net of accumulated depreciation		6,264	3,195	873	10,332
At 31 December 2016:					
Cost		6,365	6,505	2,478	15,348
Accumulated depreciation		(101)	(3,310)	(1,605)	(5,016)
Net carrying amount		6,264	3,195	873	10,332

	Note	Buildings	Office equipment, electronic and other devices	Leasehold improvements	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2017					
At 31 December 2016 and 1 January 2017:					
Cost		6,365	6,505	2,478	15,348
Accumulated depreciation		(101)	(3,310)	(1,605)	(5,016)
Net carrying amount		6,264	3,195	873	10,332
At 1 January 2017, net of accumulated depreciation		6,264	3,195	873	10,332
Additions		—	5,690	2,600	8,290
Acquisition of a subsidiary	*32*	—	78	—	78
Disposals		—	(31)	—	(31)
Depreciation provided during the year		(302)	(1,163)	(325)	(1,790)
At 31 December 2017, net of accumulated depreciation		5,962	7,769	3,148	16,879
At 31 December 2017:					
Cost		6,365	12,242	5,078	23,685
Accumulated depreciation		(403)	(4,473)	(1,930)	(6,806)
Net carrying amount		5,962	7,769	3,148	16,879

	Buildings	Office equipment, electronic and other devices	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2018					
At 31 December 2017 and 1 January 2018:					
Cost	6,365	12,242	5,078	—	23,685
Accumulated depreciation	(403)	(4,473)	(1,930)	—	(6,806)
Net carrying amount	5,962	7,769	3,148	—	16,879
At 1 January 2018, net of accumulated depreciation	5,962	7,769	3,148	—	16,879
Additions	3,764	5,080	2,040	2,304	13,188
Disposals	—	(284)	—	—	(284)
Depreciation provided during the year	(302)	(2,209)	(1,035)	—	(3,546)
At 31 December 2018, net of accumulated depreciation	9,424	10,356	4,153	2,304	26,237
At 31 December 2018:					
Cost	10,129	17,038	7,118	2,304	36,589
Accumulated depreciation	(705)	(6,682)	(2,965)	—	(10,352)
Net carrying amount	9,424	10,356	4,153	2,304	26,237

	Note	Buildings	Office equipment, electronic and other devices	Leasehold improvements	Construction in progress	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 April 2019						
At 31 December 2018 and 1 January 2019:						
Cost		10,129	17,038	7,118	2,304	36,589
Accumulated depreciation		(705)	(6,682)	(2,965)	—	(10,352)
Net carrying amount		9,424	10,356	4,153	2,304	26,237
At 1 January 2019, net of accumulated depreciation		9,424	10,356	4,153	2,304	26,237
Additions		9,740	961	564	—	11,265
Acquisition of a subsidiary	*32*	—	6	234	—	240
Depreciation provided during the period		(392)	(951)	(564)	—	(1,907)
At 30 April 2019, net of accumulated depreciation		18,772	10,372	4,387	2,304	35,835
At 30 April 2019:						
Cost		19,869	18,005	7,916	2,304	48,094
Accumulated depreciation		(1,097)	(7,633)	(3,529)	—	(12,259)
Net carrying amount		18,772	10,372	4,387	2,304	35,835

There were no property, plant and equipment being pledged as at 31 December 2016, 2017 and 2018 and 30 April 2019.

15. INTANGIBLE ASSETS

		31 December			30 April
	Note	**2016**	**2017**	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Softwares					
At the beginning of the year/period:					
Cost		—	114	144	227
Accumulated amortisation		—	(16)	(39)	(76)
Net carrying amount		—	98	105	151
Carrying amount at the beginning of the year/period		—	98	105	151
Additions		114	30	83	—
Acquisition of a subsidiary	*32*	—	—	—	15
Amortisation provided during the year/period		(16)	(23)	(37)	(16)
Carrying amount at the end of the year/period		98	105	151	150
At the end of the year/period:					
Cost		114	144	227	242
Accumulated amortisation		(16)	(39)	(76)	(92)
Net carrying amount		98	105	151	150

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases certain of its building for its office and fitness equipment. The lease term is three years to ten years.

The movements in right-of-use assets and lease liabilities during each of the Relevant Periods are as follows:

	31 December			30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Right-of-use assets				
Carrying amount at the beginning of the year/period	10,575	5,287	12,207	22,239
Additions	—	12,694	16,884	—
Depreciation provided during the year/period	(5,288)	(5,774)	(6,852)	(2,320)
Carrying amount at the end of the year/period	5,287	12,207	22,239	19,919

	31 December			30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities				
Carrying amount at the beginning of the year/period	14,416	12,729	23,535	40,502
Additions	—	12,694	16,884	—
Interest during the year/period	514	456	1,387	384
Payments during the year/period	(2,201)	(2,344)	(1,304)	(4,061)
Carrying amount at the end of the year/period	12,729	23,535	40,502	36,825

17. INVESTMENTS IN ASSOCIATES

	31 December			30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	550	750	750	1,107

The Group's trade receivable and payable balances with associates are disclosed in note 34 to the Historical Financial Information.

(a) Particulars of the Group's associates

Name of company	Place and year of registration	Paid-in capital	Percentage of ownership interest attributable to the Group	Principal activities
		RMB'000		
南京創禾企業管理諮詢有限公司 Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.	Nanjing, PRC 2017	600	26.67%	Investment holding
南京寧億佳企業管理諮詢有限公司 Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.	Nanjing, PRC 2016	1,600	34.38%	Investment holding
江蘇銀城保安服務有限公司 Jiangsu Yincheng Security Service Co., Ltd.	Nanjing, PRC 2019	1,050	34%	Security services

(b) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associates' profits for the year/period	—	—	—	—
Share of the associates' total comprehensive income	—	—	—	—
Aggregate carrying amount of the Group's investments in the associates	550	750	750	1,107

18. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets

	Impairment	Unpaid employee benefits	Unpaid listing fee	Fair value change on investments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016	175	684	—	—	859
Acquisition of subsidiary	2	—	—	—	2
Deferred tax credited to profit or loss during the year	96	7	—	—	103
At 31 December 2016 and 1 January 2017	273	691	—	—	964
Deferred tax credited to other comprehensive income	—	—	—	85	85
Deferred tax credited to profit or loss during the year	188	(8)	—	—	180
At 31 December 2017 and 1 January 2018	461	683	—	85	1,229
Effect of adoption of IFRS 9	82	—	—	—	82
At 1 January 2018 (restated)	543	683	—	85	1,311
Deferred tax credited to profit or loss during the year	755	487	—	103	1,345
At 31 December 2018 and 1 January 2019	1,298	1,170	—	188	2,656
Deferred tax credited to profit or loss during the period	211	311	492	(85)	929
At 30 April 2019	1,509	1,481	492	103	3,585

Deferred tax liabilities

	Fair value change on investments
	RMB'000
At 1 January 2016	—
Deferred tax debited to other comprehensive income	56
At 31 December 2016 and 1 January 2017	56
Deferred tax credited to other comprehensive income	(56)
At 31 December 2017 and 1 January 2018	—
Deferred tax credited to other comprehensive income	—
At 31 December 2018 and 1 January 2019	—
Deferred tax credited to profit or loss during the year	—
At 30 April 2019	—

For presentation purposes, certain deferred tax assets and liabilities have been offset in the combined statements of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	31 December			**30 April**
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the combined statements of financial position	908	1,229	2,656	3,585
Net deferred tax liabilities recognised in the combined statements of financial position	—	—	—	—
	908	1,229	2,656	3,585

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2016, 2017 and 2018, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation.

The Group had unutilised tax losses arising in the PRC of approximately RMB1,856,000, RMB4,396,000, RMB5,736,000 and RMB9,200,000 as at 31 December 2016, 2017 and 2018 and 30 April 2019, respectively, that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets amounting to approximately RMB12,000, RMB56,000, RMB492,000 and RMB320,000 as at 31 December 2016, 2017 and 2018 and 30 April 2019 have not been recognised in respect of the deductible temporary differences, respectively, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

19. AVAILABLE-FOR-SALE INVESTMENTS

	31 December			**30 April**
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Limited partnership investment *(note a)*	—	8,658	—	—
Unlisted fund investments, at fair value *(note b)*	37,722	—	—	—
	37,722	8,658	—	—
For reporting purpose:				
Current portion	37,722	—	—	—
Non-current portion	—	8,658	—	—
	37,722	8,658	—	—

Note a: On 20 February 2017, Nanjing Yincheng Property Services Co., Ltd. entered into a limited partnership agreement with other third parties in respect of the establishment of an investment fund in the PRC named Jinshi Lijing Equity Investment (Hangzhou) Partnership (Limited Partnership) (金石利璟股權投資(杭州)合夥企業(有限合夥)) ("**Jinshi Lijing**"). Nanjing Yincheng Property Services Co., Ltd. is a limited partner and has invested RMB9,000,000 in Jinshi Liying. The fair value of this investment was RMB8,658,000 as at 31 December 2017. The Group has classified it as financial assets at FVTPL as at 1 January 2018, because it could not pass SPPI testing.

Note b: The unlisted investments were wealth management products as at 31 December 2016 which were designated as available-for-sale investments.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December			30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Limited Partnership investment	—	—	17,248	17,586

As disclosed in note 19, Nanjing Yincheng Property Services Co., Ltd. has invested RMB18,000,000 in Jinshi Lijing as at 31 December 2018. The fair value of this investment was RMB17,248,000 and RMB17,586,000 as at 31 December 2018 and 30 April 2019 respectively.

21. INVENTORIES

	31 December			30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Consumables	859	828	670	765

22. TRADE RECEIVABLES

	31 December			30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	18,771	31,862	60,287	93,002
Impairment	(845)	(1,571)	(4,757)	(4,957)
	17,926	30,291	55,530	88,045

Trade receivables mainly arise from property management service income. The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the date of revenue recognition, net of provision the loss allowance for impairment, is as follows:

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	16,178	28,518	53,025	86,443
Over 1 year and within 2 years	1,442	849	1,945	1,025
Over 2 years and within 3 years	212	809	323	154
Over 3 years	94	115	237	423
	17,926	30,291	55,530	88,045

The movements in provision for impairment of trade receivables are as follows:

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	455	845	1,571	4,757
Effect of adoption of IFRS 9	—	—	329	—
At the beginning of the year/period (restated)	455	845	1,900	4,757
Impairment losses recognised *(note 7)*	390	733	2,862	200
Write-off	—	(7)	(5)	—
At the end of the year/period	845	1,571	4,757	4,957

Impairment under IFRS 9 for the year ended 31 December 2018 and for the four months ended 30 April 2019

An impairment analysis was performed at 31 December 2018 and 30 April 2019, using a provision matrix to measure expected credit losses. The provision rates were based on ageing of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflected the probability-weighted outcome, the time value of money and reasonable and supportable information that was available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables were written off if their ageing were more than two years and were not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2018

	Within 1 year	**Over 1 year and within 2 years**	**Over 2 years and within 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	3.96%	37.27%	55.93%	80.89%	
Gross carrying amount *(RMB'000)*	55,211	3,100	734	1,242	60,287
Expected credit losses *(RMB'000)*	2,186	1,155	411	1,005	4,757

30 April 2019

	Within 1 year	**Over 1 year and within 2 years**	**Over 2 years and within 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	3.97%	28.84%	52.91%	65.37%	
Gross carrying amount *(RMB'000)*	90,013	1,440	327	1,222	93,002
Expected credit losses *(RMB'000)*	3,570	415	173	799	4,957

Impairment under IAS 39 for the years ended 31 December 2016 and 2017

The ageing analysis of the trade receivables that were past due but not considered to be impaired under IAS 39 is as follows:

	31 December	
	2016	**2017**
	RMB'000	*RMB'000*
Within 1 year	—	—
Over 1 year and within 2 years	1,442	849
Over 2 years and within 3 years	212	809
Over 3 years	94	115
	1,748	1,773

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under IAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

Based on the principle of prudence, management accrues bad debt provisions to all trade receivables according to the ageing-of-accounts method.

The carrying amount of the trade receivables approximates to their fair value due to their relatively short maturity terms.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments on behalf of customers to utility suppliers	12	1,193	1,012	6,132
Other prepayments	229	938	928	2,013
Other deposits *(note 35)*	2,446	5,312	9,545	11,592
Other tax recoverable	125	45	17	27
Advance to staffs *(note 35)*	724	482	3,001	4,127
Due from third parties *(note 35)*	612	2,000	830	—
Other receivables *(note 35)*	793	1,500	2,975	2,271
Impairment	(476)	(555)	(897)	(1,376)
	4,465	10,915	17,411	24,786

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

Impairment under IFRS 9 for the year ended 31 December 2018 and the four months ended 30 April 2019

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at the end of each of the Relevant Periods by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2018, the probability of default applied to 5%-10% and the loss given default was estimated to be 50%. As at 30 April 2019, the probability of default applied to 10%-15% and the loss given default was estimated to be 50%. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied for where there are no comparable companies as at 31 December 2018 was 4.21% and that as at 30 April 2019 was 6.5%.

24. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	31 December			30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	144,736	202,532	121,368	71,097
Cash and cash equivalents	144,736	202,532	121,368	71,097

At 31 December 2016, 2017, 2018 and 30 April 2019, all the cash and bank balances of the Group were denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

The Group collects deposits from profitable operating activities in the common areas of the community in accordance with the relevant rules and regulations in the PRC.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

25. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December			30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,337	4,142	12,393	7,041
Over 1 year	494	535	1,496	928
	2,831	4,677	13,889	7,969

The trade payables are interest-free and normally settled on terms of 10 to 15 days.

26. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Income on behalf of community residents for common areas *(note 35)*	4,143	7,948	9,505	10,467
Receipts on behalf of community residents for utilities *(note 35)*	24,850	28,837	34,076	35,958
Deposits received *(note 35)*	4,941	8,029	11,906	15,171
Advanced from employees *(note 35)*	974	1,840	2,623	3,254
Business tax and surcharges	2,666	4,768	6,631	3,284
Payroll and welfare payable	23,965	33,488	40,288	33,583
Others *(note 35)*	5,482	847	757	4,883
	67,021	85,757	105,786	106,600

Other payables are unsecured and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

27. CONTRACT LIABILITIES

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	57,748	89,301	115,869	124,843

The Group receives payments from customers based on billing schedules as established in the property management contracts. A portion of payments are usually received in advance of the performance under the contracts which are mainly from property management services. According to the business model of the Group, for revenue recognised from the provision of property management services, all such revenue was carried forward from contract liabilities during the Relevant Periods.

The expected timing of recognition of revenue at the end of each of the Relevant Periods is as follows:

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	57,748	89,301	115,869	124,843

The following table shows the revenue recognised during the Relevant Periods related to carried-forward contract liabilities:

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the beginning of the year/period				
Revenue from property management	41,610	54,854	86,755	49,865
Revenue from community value-added services	93	1,613	1,728	3,201

28. INTEREST-BEARING BANK BORROWINGS

	31 December 2016			31 December 2017			31 December 2018			30 April 2019		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current												
Current portion of long term bank loans — secured	4.75	2019	10,000	4.75	2019	10,000	4.75	2019	30,000	4.75	2019	30,000
Non-current												
Bank loans — secured	4.75	2019	40,000	4.75	2019	30,000			—			—
			50,000			40,000			30,000			30,000

Bank borrowings

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Repayable within one year	10,000	10,000	30,000	30,000
Repayable in the second year	10,000	30,000	—	—
Repayable within two to five years	30,000	—	—	—
Subtotal	40,000	30,000	—	—
	50,000	40,000	30,000	30,000

The Group's borrowings are all denominated in RMB with fixed interest rates. Yincheng Real Estate Group Holding Co., Ltd. and Mr. Huang Qing Ping have guaranteed the Group's bank loans.

The management of the Company has assessed that the fair values of interest-bearing bank borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

29. SHARE CAPITAL

	30 April 2019
	RMB'000
Authorised:	
38,000,000 of ordinary shares of HK$0.01 each	326

	30 April 2019
	RMB'000
Issued and fully paid:	
1 ordinary share of HK$0.01 each	—

The Company was incorporated in the Cayman Islands on 3 April 2019 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 par value each. On its date of incorporation, 1 ordinary share of HK$0.01 was allotted by the Company to a subscriber, and was transferred to Silver Huang Holding Limited, a company controlled by Mr. Huang Qing Ping.

30. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2016, 2017 and 2018, and the four months ended 30 April 2019 are presented in the combined statements of changes in equity.

(a) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Corporate Restructuring and the Reorganisation.

(b) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

31. NOTE TO THE COMBINED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank borrowings	Due to related companies	Total liabilities from financing activities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016	13,662	—	—	13,662
Cash flows from financing activities	(2,201)	50,000	1,665	49,464
At 31 December 2016	11,461	50,000	1,665	63,126
Cash flows from financing activities	(2,344)	(10,000)	—	(12,344)
At 31 December 2017	9,117	40,000	1,665	50,782
Cash flows from financing activities	(1,304)	(10,000)	(165)	(11,469)
At 31 December 2018	7,813	30,000	1,500	37,963
Cash flows from financing activities	(4,061)	—	—	(4,061)
At 30 April 2019	3,752	30,000	1,500	37,502

32. BUSINESS COMBINATIONS

30 April 2019

On 28 February 2019, the Group acquired a 100% equity interest in Yihe Wuxi from the other shareholders of Yihe Wuxi at a cash consideration of RMB3,380,000. The acquisition was made as part of the Group's strategy to expand its property service business.

The fair values of the identifiable assets and liabilities of Yihe Wuxi as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Cash and cash equivalents		1,661
Trade receivables		5,687
Prepayments, deposits and other receivables		391
Property, plant and equipment	*14*	240
Intangible assets	*15*	15
Other payables, deposits received and accruals		(4,614)
Total identifiable net assets at fair value		3,380
Non-controlling interests		—
The fair value interests held by the Company before the acquisition		—
Purchase consideration transferred		3,380
Satisfied by:		
Cash		2,036
Deferred cash consideration*		1,344
		3,380

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

Analysis of cash flows on acquisition	
Cash acquired with subsidiaries	1,661
Cash paid*	(2,036)
Net cash flows on acquisition included in cash flows from investing activities	(375)

* The deferred cash consideration of RMB1,344,000 is expected to be paid at the end of 2019.

The fair value of trade receivables and prepayments, deposits and other receivables amounts are RMB5,687,000 and RMB391,000, respectively, and it is expected that the full contractual amounts can be collected.

Since the acquisition, the entity acquired contributed totally RMB1,319,000 to the Group's revenue and a loss of RMB626,000 to the combined profit for the year ended 30 April 2019.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profits of the Group for the year ended 30 April 2019 would have been RMB187,224,000 and RMB9,455,000, respectively.

31 December 2017

On 21 March 2017, the Group acquired a 51% equity interest in Nanjing Wanrui from the other shareholders of Nanjing Wanrui at a cash consideration of RMB612,000. The acquisition was made as part of the Group's strategy to expand its property service business.

The fair values of the identifiable assets and liabilities of Nanjing Wanrui as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB'000
Cash and cash equivalents	1,051
Trade and receivables	4
Prepayments, deposits and other receivables	796
Property, plant and equipment	78
Trade payables	(23)
Other payables, deposits received and accruals	(706)
Total identifiable net assets at fair value	1,200
Non-controlling interests	(588)
The fair value interests held by the Company before the acquisition	—
Purchase consideration transferred	612
Satisfied by:	
Cash	612
Deferred cash consideration	—
	612

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

Analysis of cash flows on acquisition	
Cash acquired with subsidiaries	1,051
Cash paid*	—
Net cash flows on acquisition included in cash flows from investing activities	1,051

* The consideration of RMB612,000 was prepaid in 2016.

The fair value amounts of trade receivables and prepayments, deposits and other receivables are RMB4,000 and RMB796,000, respectively, and it is expected that the full contractual amounts can be collected.

Since the acquisition, the entity acquired contributed totally RMB1,688,000 to the Group's revenue and a loss of RMB138,000 to the combined profit for the year ended 31 December 2017.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profits of the Group for the year ended 31 December 2017 would have been RMB306,674,000 and RMB19,813,000, respectively.

31 December 2016

On 15 August 2016, the Group acquired a 70% equity interest in Nanjing Libiao from the other shareholder of Nanjing Libiao at a cash consideration of RMB253,000. The acquisition was made as part of the Group's strategy to expand its property service business.

On 13 October 2016, the Group acquired a 100% equity interest in Nanjing Kangcheng from the other shareholder of Nanjing Kangcheng at a cash consideration of RMB1. The acquisition was made as part of the Group's strategy to expand its property service business.

The fair values of the identifiable assets and liabilities of Nanjing Libiao and Nanjing Kangcheng as at the date of acquisition were as follows:

	Nanjing Libiao	Nanjing Kangcheng	Total
	Fair value recognised on acquisition	**Fair value recognised on acquisition**	**Fair value recognised on acquisition**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	3,714	315	4,029
Trade receivables	165	665	830
Prepayments, deposits and other receivables	42	15	57
Property, plant and equipment	23	6	29
Deferred tax assets	—	2	2
Other payables, deposits received and accruals	(2,967)	(411)	(3,378)
Total identifiable net assets at fair value	977	592	1,569
Non-controlling interests	(293)	—	(293)
The fair value interests held by the Company before the acquisition	—	—	—
Gain on bargain purchase	(431)	(592)	(1,023)
Purchase consideration transferred	253	—	253
Satisfied by:			
Cash	—	—	—
Deferred cash consideration*	253	—	253
	253	—	253

* The deferred cash consideration of RMB253,000 has not yet been paid.

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

Analysis of cash flows on acquisition

	Nanjing Libiao	**Nanjing Kangcheng**	**Total**
Cash acquired with subsidiaries	3,714	315	4,029
Cash paid	—	—	—
Net cash flows on acquisition included in cash flows from investing activities	3,714	315	4,029

The fair value and gross amount of trade receivables and prepayments, deposits and other receivables amounts are RMB830,000 and RMB206,000, respectively, and it is expected that the full contractual amounts can be collected.

Since the acquisition, these entities acquired contributed totally RMB880,000 to the Group's revenue and a loss of RMB737,000 to the combined profit for the year ended 31 December 2016.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 December 2016 would have been RMB235,625,000 and RMB25,542,000, respectively.

33. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December			30 April
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital contributions to available-for-sale investments	—	21,000	—	—
Capital contributions to financial assets at FVTPL	—	—	12,000	—
	—	21,000	12,000	—

34. RELATED COMPANIES TRANSACTIONS

(1) Name and relationship

Name of related companies	Relationship with the Group
Mr Huang Qing Ping	The director of the Company
銀城地產集團股份有限公司 (Yincheng Real Estate Group Holding Co., Ltd.)	The Then Parent Company
南京創禾企業管理諮詢有限公司 (Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.)	Associate
南京寧億佳企業管理諮詢有限公司 (Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.)	Associate
江蘇銀城保安服務有限公司 (Jiangsu Yincheng Security Service Co., Ltd.)	Associate
銀城國際控股有限公司 (Yincheng International Holding Co., Ltd.)	Company controlled by the Then Parent Company
新城房地產開發(無錫)有限公司 (Xincheng Real Estate (Wuxi) Co., Ltd.)	Company controlled by the Then Parent Company
南京旭城房地產開發有限公司 (Nanjing Xucheng Real Estate Co., Ltd.)	Company controlled by the Then Parent Company
南京佳佑城房地產開發有限公司 (Nanjing Jiayou City Real Estate Co., Ltd.)	Company controlled by the Then Parent Company

(2) Significant related companies' transactions

The following transactions were carried out with related companies during the Relevant Periods:

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Advances from related companies (excluding associates):					
Yincheng Real Estate Group Holding Co., Ltd.	2,486	—	—	—	—
Repayments of advances from related companies (excluding associates):					
Yincheng Real Estate Group Holding Co., Ltd.	821	—	1,665	—	—
Advances to related companies (excluding associates):					
Yincheng International Holding Co., Ltd.	—	—	1,609	—	52,300
Yincheng Real Estate Group Holding Co., Ltd.	—	—	99,162	300	52,371
Repayment of advances to related companies (excluding associates):					
Yincheng Real Estate Group Holding Co., Ltd.	7,145	—	8,855	100	86,001
Yincheng International Holding Co., Ltd.	—	—	1,609	—	—
Advances from associates					
Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.	—	3,000	1,500	1,500	1,500
Repayment of advances from associates					
Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.	—	3,000	—	—	1,500

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Advances to associates					
Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.	—	—	30	30	30
Jiangsu Yincheng Security Service Co., Ltd	—	—	—	—	830
Rental fees to related companies					
Yincheng Real Estate Group Holding Co., Ltd.	6,223	6,223	426	142	142
Yincheng International Holding Co., Ltd.	—	—	5,797	1,933	1,933
Property management income from related companies					
Yincheng International Holding Co., Ltd.	—	—	14,010	—	7,376
Nanjing Xucheng Real Estate Co., Ltd.	979	2,423	3,547	106	67
Yincheng Real Estate Group Holding Co., Ltd.	13,220	34,578	7,821	2,449	697
Nanjing Jiayou City Real Estate Co., Ltd.	—	—	1,137	—	1,309
Xincheng Real Estate (Wuxi) Co., Ltd.	—	796	1,600	277	—
Service income from related companies					
Yincheng International Holding Co., Ltd	—	—	35	—	119
Yincheng Real Estate Group Holding Co., Ltd.	1,225	219	13,540	7	1,327

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the companies involved.

(3) Other transactions with related companies

The Then Parent Company has guaranteed certain of the Group's bank loans of up to RMB50,000,000, RMB40,000,000, RMB30,000,000, RMB30,000,000 as at 31 December 2016, 2017, 2018 and 30 April 2019, respectively.

(4) Outstanding balances with related companies

Due from related companies:

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balances relating to non-operating activities				
Yincheng International Holding Co., Ltd.	—	—	—	52,300
Yincheng Real Estate Group Holding Co., Ltd.	—	—	90,306	58,089
Jiangsu Yincheng Security Service Co., Ltd	—	—	—	830
Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.	—	—	30	30
	—	—	90,336	111,249
Balances relating to operating activities				
Yincheng International Holding Co., Ltd.	—	—	19,009	10,121
Yincheng Real Estate Group Holding Co., Ltd.	4,415	15,694	10,791	8,635
Nanjing Xucheng Real Estate Co., Ltd.	—	314	—	—
Nanjing Jiayou City Real Estate Co., Ltd.	—	—	584	1,020
Xincheng Real Estate (Wuxi) Co., Ltd.	—	—	2,256	—
Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.	—	—	—	400
Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.	—	—	—	1,050
	4,415	16,008	32,640	21,226
	4,415	16,008	122,976	132,475

Due to related companies:

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balances relating to non-operating activities				
Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.	—	—	1,500	1,500
Yincheng Real Estate Group Holding Co., Ltd.	1,665	1,665	—	—
Balances relating to operating activities				
Nanjing Xucheng Real Estate Co., Ltd.	—	—	1,939	760
Yincheng International Holding Co., Ltd.	—	—	—	393
Yincheng Real Estate Group Holding Co., Ltd.	202	177	20	114
	202	177	1,959	1,267
	1,867	1,842	3,459	2,767

The balances with the above related companies were unsecured, interest-free and had no fixed repayment terms.

(5) Compensation of key management personnel of the Group:

	Year ended 31 December			Four months ended 30 April	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term employee benefits	5,772	5,846	6,603	1,747	1,776
Pension scheme contributions	407	450	514	161	191
Total compensation paid to key management personnel	6,179	6,296	7,117	1,908	1,967

Further details of directors' emoluments are included in note 9 to the Historical Financial Information.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

30 April 2019

Financial assets

	Financial assets at amortised cost	FVTPL	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, deposits and other receivables *(note 23)*	16,614	—	16,614
Trade receivables	88,045	—	88,045
Due from related companies	132,475	—	132,475
Financial assets at FVTPL	—	17,586	17,586
Cash and cash equivalents	71,097	—	71,097
	308,231	17,586	325,817

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Trade payables	7,969	7,969
Financial liabilities included in other payables, deposits received and accruals *(note 26)*	69,733	69,733
Interest-bearing bank borrowings *(note 28)*	30,000	30,000
Lease liabilities	36,825	36,825
Due to related companies	2,767	2,767
	147,294	147,294

31 December 2018

Financial assets

	Financial assets at amortised cost	FVTPL	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, deposits and other receivables *(note 23)*	15,454	—	15,454
Trade receivables	55,530	—	55,530
Due from related companies	122,976	—	122,976
Financial assets at FVTPL	—	17,248	17,248
Cash and cash equivalents	121,368	—	121,368
	315,328	17,248	332,576

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Trade payables	13,889	13,889
Financial liabilities included in other payables, deposits received and accruals *(note 26)*	58,867	58,867
Interest-bearing bank borrowings *(note 28)*	30,000	30,000
Lease liabilities	40,502	40,502
Due to related companies	3,459	3,459
	146,717	146,717

31 December 2017

Financial assets

	Financial assets at amortised cost	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, deposits and other receivables *(note 23)*	8,739	—	8,739
Trade receivables	30,291	—	30,291
Due from related companies	16,008	—	16,008
Available-for-sale investments	—	8,658	8,658
Cash and cash equivalents	202,532	—	202,532
	257,570	8,658	266,228

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Trade payables	4,677	4,677
Financial liabilities included in other payables, deposits received and accruals *(note 26)*	47,501	47,501
Interest-bearing bank borrowings *(note 28)*	40,000	40,000
Lease liabilities	23,535	23,535
Due to related companies	1,842	1,842
	117,555	117,555

31 December 2016

Financial assets

	Financial assets at amortised cost	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, deposits and other receivables *(note 23)*	4,099	—	4,099
Trade receivables	17,926	—	17,926
Due from related companies	4,415	—	4,415
Available-for-sale investments	—	37,722	37,722
Cash and cash equivalents	144,736	—	144,736
	171,176	37,722	208,898

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Trade payables	2,831	2,831
Financial liabilities included in other payables, deposits received and accruals *(note 26)*	40,390	40,390
Interest-bearing bank borrowings *(note 28)*	50,000	50,000
Lease liabilities	12,729	12,729
Due to related companies	1,867	1,867
	107,817	107,817

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of each of the Relevant Periods, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts				Fair values			
	31 December 2016	31 December 2017	31 December 2018	30 April 2019	31 December 2016	31 December 2017	31 December 2018	30 April 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets								
Available-for-sale investments *(note 19)*	37,722	8,658	—	—	37,722	8,658	—	—
Financial assets at FVTPL *(note 20)*	—	—	17,248	17,586	—	—	17,248	17,586
Financial liabilities								
Interest-bearing bank borrowings *(note 28)*	50,000	40,000	30,000	30,000	50,073	40,037	30,000	30,000

Management has assessed that the fair values of cash and cash equivalents, amounts due from related companies, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables, deposits received and accruals and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the fair values of the unlisted fund investments, management has estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement of the unlisted fund investments is categorised within Level 3 of the fair value hierarchy. For the fair values of the limited partnership investment, management has estimated by underlying investment's price using the amounts of net assets of the limited partnership investment. The fair value measurement of the limited partnership investment is categorised within Level 3 of the fair value hierarchy.

The Group's corporate finance team headed by the chief finance officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At the end of each of the Relevant Periods, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for annual financial reporting.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods:

	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
Unlisted fund investments	Discounted cash flow method	Discount rate	A 1% increase(decrease) in discount rate would result in the decrease(increase) in fair value by RMB9,000 as at 31 December 2016.
Limited partnership investment	Valuation pricing model	Underlying investment's price	A 1% increase(decrease) in underlying investment would result in the decrease(increase) in fair value by RMB86,000, RMB172,000 and RMB176,000 as at 31 December 2017,2018 and 30 April 2019, respectively.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, pledged deposits, trade and other receivables, trade payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank borrowings, amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings set out in note 28. The Group does not use derivative financial instruments to hedge interest rate risk, and obtains all bank borrowings with a fixed rate.

(b) Credit risk

Under IAS 39

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations from 1 January 2016 to 31 December 2017.

The credit risk of the Group's financial assets, which mainly comprised cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies, arose from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments as at 31 December 2016 and 2017.

Under IFRS 9

The carrying amounts of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies included in the statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets as at 31 December 2018 and 30 April 2019.

As at 31 December 2018 and 30 April 2019, all cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument types and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally from one to three months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit losses also incorporate forward-looking information based on key economic variables such as consumer price index.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past due event; and
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group has established a policy to perform an assessment for the period beginning on 1 January 2018, of whether a financial instrument has a significant increase in credit risk since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group classifies its other receivables and amounts due from related companies into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1 When other receivables and amounts due from related companies are first recognised, the Group recognises an allowance based on 12 months' ECLs.

Stage 2 When other receivables and amounts due from related companies have shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs.

Stage 3 When other receivables and amounts due from related companies are considered credit-impaired, the Group records an allowance for the lifetime ECLs.

Management makes periodic collective assessments for financial assets included in prepayments, deposits and other receivables and amounts due from related companies as well as individual assessment on the recoverability of other receivables and amounts due from related companies based on historical settlement records and past experience. The Group has classified financial assets included in prepayments, deposits and other receivables and amounts due from related companies in stage 1 and continuously monitors their credit risk. The Company used the expected credit loss rate of 4.21% and 6.5%, respectively, as at 31 December 2018 and 30 April 2019, considering the default probability and recovery probability, to estimate the impairment of financial assets included in prepayments, deposits and other receivables. The Company used the expected credit loss rate of 0.17%, considering the default probability and recovery probability, to estimate the impairment of amounts due from related companies.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 April 2019					
Interest-bearing bank borrowings	—	367	30,523	—	30,890
Lease liabilities	15,347	1,883	5,094	17,574	39,898
Trade payables	7,969	—	—	—	7,969
Other payables	69,733	—	—	—	69,733
Due to related companies	2,767	—	—	—	2,767
	95,816	2,250	35,617	17,574	151,257
31 December 2018					
Interest-bearing bank borrowings	—	359	30,980	—	31,339
Lease liabilities	17,439	1,883	5,649	20,466	45,437
Trade payables	13,889	—	—	—	13,889
Other payables	58,867	—	—	—	58,867
Due to related companies	3,459	—	—	—	3,459
	93,654	2,242	36,629	20,466	152,991

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2017					
Interest-bearing bank borrowings	—	468	11,432	31,785	43,685
Lease liabilities	10,994	221	706	15,463	27,384
Trade payables	4,677	—	—	—	4,677
Other payables	47,501	—	—	—	47,501
Due to related companies	1,842	—	—	—	1,842
	65,014	689	12,138	47,248	125,089
31 December 2016					
Interest-bearing bank borrowings	—	586	11,789	44,607	56,982
Lease liabilities	7,195	1,449	4,348	—	12,992
Trade payables	2,831	—	—	—	2,831
Other payables	40,390	—	—	—	40,390
Due to related companies	1,867	—	—	—	1,867
	52,283	2,035	16,137	44,607	115,062

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank borrowings, amounts due to related companies and lease liabilities, less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	31 December			30 April
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	50,000	40,000	30,000	30,000
Due to related companies	1,867	1,842	3,459	2,767
Lease liabilities	12,729	23,535	40,502	36,825
Less: Cash and cash equivalents	(144,736)	(202,532)	(121,368)	(71,097)
Net debt	(80,140)	(137,155)	(47,407)	(1,505)
Equity attributable to owners of the parent	31,920	52,087	72,326	83,703
Gearing ratio	N/A	N/A	N/A	N/A

38. SUBSEQUENT EVENT

Except as disclosed elsewhere in this report, there is no material subsequent event undertaken by the Group after 30 April 2019.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our combined net tangible assets as of 30 April 2019 as if it had taken place on 30 April 2019.

The unaudited pro forma adjusted combined net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 30 April 2019 or any future date. It is prepared based on our combined net tangible assets as of 30 April 2019 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Audited Combined Net Tangible Assets of our Group as of April 30, 2019	**Estimated Net Proceeds from the Global Offering**	**Unaudited Pro Forma Adjusted Combined Net Tangible Assets of our Group**	**Unaudited Pro Forma Adjusted Combined Net Tangible Assets per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price Of HK$1.90 per Share	83,556	81,772	165,328	0.62	0.69
Based on an Offer Price Of HK$2.28 per Share	83,556	103,252	186,808	0.70	0.78

Notes:

(1) The combined net tangible assets attributable to owners of the Company as of 30 April 2019 is extracted from the Accountants' Report, which is based on the audited combined equity attributable to owners of the Company as of 30 April 2019 of approximately RMB83.6 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$1.90 per Share or HK$2.28 per Share, after deduction of the underwriting fees and other related expenses payable by the Company and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB0.9019.

(3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 266,680,000 Shares in issue immediately following the completion of the Global Offering and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted combined net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.9019.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Yincheng Life Service Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Yincheng Life Service Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted combined net tangible assets as at 30 April 2019, and related notes as set out on pages II-1 of the prospectus dated 25 October 2019 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 April 2019 as if the transaction had taken place at 30 April 2019. As part of this process, information about the Group's financial position, has been extracted by the Directors from the Group's financial statements for the period ended 30 April 2019, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the 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 ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "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 behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, 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 accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 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 Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if 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 transaction would have been as presented.

A reasonable assurance engagement to report on whether the 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the 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 Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Certified Public Accountants

Hong Kong

25 October 2019

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 April 2019 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 15 October 2019 and effective on the Listing Date. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) Transfer of shares

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) he is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments.

The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Requisition of general meetings

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(v) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(vi) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vii) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The members may, at a general meeting remove the auditor(s) by a special resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 3 April 2019 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The undertaking for the Company is for a period of 30 years from 28 June 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company on 3 April 2019 under the Companies Law. Our Company's registered office is at Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands. Our Company has established its principal place of business in Hong Kong at Room 4502, 45/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong and has been registered as a non-Hong Kong company on 10 July 2019 under Part 16 of the Companies Ordinance. Our company secretary, Mr. Yim Lok Kwan, has been appointed as the authorised representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, our corporate structure and the Articles are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Articles is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK$380,000 divided into 38,000,000 shares of a nominal or par value of HK$0.01 each. The following sets out the changes in the share capital of our Company since its date of incorporation up to the date of this prospectus:

(a) on 3 April 2019, one Share was allotted and issued to the initial subscriber, which was in turn transferred to Silver Huang on the same day;

(b) on 3 April 2019, our Company also allotted and issued one Share to Silver Wutong;

(c) on 28 May 2019, our Company allotted and issued 4,805 Shares, 649 Shares, 1,743 Shares, 944 Shares, 725 Shares, 672 Shares, 336 Shares and 124 Shares to Silver Huang, Silver Wutong, Silver Dai, Silver Zhu, Silver Xie, Silver Ma, Silver Li and Silver Cao, respectively; and

(d) on 15 October 2019, the authorised share capital of our Company increased from HK$380,000 divided into 38,000,000 shares of a nominal or par value of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 shares of a nominal or par value of HK$0.01 each by the creation of an additional 1,962,000,000 shares of a nominal or par value of HK$0.01 each. Such shares shall rank pari passu in respect of all existing Shares.

Assuming that the Global Offering becomes unconditional, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the issued share capital of our Company will be HK$2,666,800 divided into 266,680,000 Shares, all fully paid or credited as fully paid and 1,733,320,000 Shares will remain unissued.

Other than the Shares to be issued pursuant to the exercise of the Over-allotment Option and the general mandate to issue Shares referred to in the paragraph headed "4. Written resolutions of our Shareholders passed on 15 October 2019" in this Appendix, our Directors do not have any present intention to issue any Share out of the authorised but unissued share capital of our Company and, without the prior approval of the Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed above and the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus, there has been no alteration in the authorised and issued share capital of our Company since its incorporation and up to the date of this prospectus.

3. Changes in the share capital of our subsidiaries

Subsidiaries of our Company are referred to in the Accountants' Report set out in Appendix I to this prospectus. Save as set out therein and disclosed in the section headed "History, Reorganisation and Corporate Structure" in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

4. Written resolutions of our Shareholders passed on 15 October 2019

Pursuant to the written resolutions of our Shareholders passed on 15 October 2019:

(a) conditional upon and with effect from the Listing, the Memorandum and the Articles were approved and adopted with effect from the Listing Date;

(b) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$20,000,000 divided into 2,000,000,000 Shares by the creation of an additional 1,962,000,000 Shares to rank pari passu in all respects with the existing Shares;

(c) conditional upon the fulfilment or waiver of the conditions set out in "Structure and Conditions of the Global Offering" in this prospectus and subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the new Shares under the Global Offering, our Directors were authorised to allot and issue a total of 199,990,000 Shares credited as fully paid at par to the Shareholders whose names appear on the register of members of our Company on 15 October 2019 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company, each ranking pari passu in all respects with the then existing issued Shares, by way of capitalisation of an amount of HK$1,999,900 standing to the credit of the share premium account of our Company;

(d) conditional upon the fulfilment or waiver of the conditions set out in "Structure and conditions of the Global Offering" in this prospectus, the Global Offering and the Listing were approved and our Directors were authorised to allot and issue the Offer Shares;

(e) a general unconditional mandate (the "**Issuing Mandate**") was given to our Directors to exercise all powers of our Company to allot (including the power to make and grant offers, agreements and options which would or might require Shares to be allotted and issued), otherwise than pursuant to, or in consequence of a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or other similar arrangement or pursuant to a specific authority granted by the Shareholders in general meeting, Shares with a total number not exceeding 20% of the number of Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (but without taking into account the number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) whereas such Issuing Mandate is to remain in effect until whichever is the earliest of (a) the conclusion of the next annual general meeting of our Company; (b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or (c) the passing of an ordinary resolution by the Shareholders at a general meeting revoking, varying or renewing the Issuing Mandate;

(f) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, Shares with a total number not exceeding 10% of the number of Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (but without taking into account the number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) whereas such Repurchase Mandate is proposed to remain in effect until whichever is the earliest of (a) the conclusion of the next annual general meeting of our Company; (b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or (c) the passing of an ordinary resolution by the Shareholders at a general meeting revoking, varying or renewing such Repurchase Mandate; and

(g) the Issuing Mandate was extended by the addition to the number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to the Issuing Mandate and the number of Shares repurchased by our Company pursuant to and in accordance with the Repurchase Mandate.

5. Reorganisation

In preparation for the Global Offering, our Group has undergone the Reorganisation, details of which are set forth in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus.

6. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in Note 1 to the Accountant's Report, the text of which is set forth in the Appendix I to this prospectus.

7. Repurchase by our Company of our securities

This paragraph contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of shares (which must be fully paid up) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the resolutions passed by our then Shareholders on 15 October 2019, the Repurchase Mandate was given to the Directors to exercise all powers of our Company to repurchase on the Stock Exchange, Shares with a total number not exceeding 10% of the number of Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (but without taking into account the number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) whereas such Repurchase Mandate is proposed to remain in effect until whichever is the earliest of (a) the conclusion of the next annual general meeting of our Company; (b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or (c) the passing of an ordinary resolution by the Shareholders at a general meeting revoking, varying or renewing such Repurchase Mandate.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Any purchase by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the purchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from our Shareholders to enable our Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position as disclosed in this prospectus and taking into account the current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

The exercise in full of the Repurchase Mandate, on the basis of 266,680,000 Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (and assuming that the Over-allotment Option is not exercised), could accordingly result in up to 26,668,000 Shares being repurchased by our Company during the period prior to (i) the conclusion of the next annual general meeting of our Company; (ii) the expiration of the period within which the next annual general meeting of our Company is required by Cayman Companies Law or the Articles or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting, whichever occurs first (the "**Relevant Period**"). If the Over-allotment Option is exercised in full, the exercise in full of the Repurchase Mandate on the basis of 267,682,000 Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue could result in 26,768,200 Shares being repurchased by our Company during the Relevant Period.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as the aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares than in issue could only implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Company or any member of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

(a) a company equity interest transfer agreement* (公司股權轉讓協議) dated 10 September 2018 entered into between Nanjing Yincheng Property Services Holdings Co., Ltd.* (南京銀城物業服務股份有限公司) and Nanjing Ningruisi Enterprise Management Consulting Co., Ltd.* (南京寧瑞斯企業管理諮詢有限公司), pursuant to which Nanjing Yincheng Property Services Holdings Co., Ltd.* (南京銀城物業服務股份有限公司) agreed to transfer and Nanjing Ningruisi Enterprise Management Consulting Co., Ltd.* (南京寧瑞斯企業管理諮詢有限公司) agreed to accept the transfer of 30% equity interest in Nanjing Canze Construction Engineering Co., Ltd.* (南京燦澤建設工程有限公司) at the consideration of RMB300,000;

(b) an equity interest transfer agreement* (股權轉讓協議) dated 26 December 2018 entered into among Nanjing Yinyirun Corporate Management Consultancy Co., Ltd.* (南京銀逸潤企業管理諮詢有限公司), Nanjing Yinjia'an Corporate Management Co., Ltd.* (南京銀嘉安企業管理有限公司) and Nanjing Yincheng Property Services Holdings Co., Ltd.* (南京銀城物業服務股份有限公司), pursuant to which Nanjing Yinyirun Corporate Management Consultancy Co., Ltd.* (南京銀逸潤企業管理諮詢有限公司) agreed to transfer 20% equity interest in Nanjing Yincheng Property Services Holdings Co., Ltd.* (南京銀城物業服務股份有限公司) to Nanjing Yinjia'an Corporate Management Co., Ltd.* (南京銀嘉安企業管理有限公司) at the consideration RMB10,000,000;

(c) an equity interest transfer agreement* (股權轉讓協議) dated 12 March 2019 entered into between Nanjing Ningruisi Enterprise Management Consulting Co., Ltd.* (南京寧瑞斯企業管理諮詢有限公司) and Nanjing Yincheng Property Services Holdings Co., Ltd.* (南京銀城物業服務股份有限公司), pursuant to which Nanjing Ningruisi Enterprise Management Consulting Co., Ltd.* (南京寧瑞斯企業管理諮詢有限公司) agreed to transfer all rights and obligations attaching to the equity interest in the sum of RMB300,000 in Nanjing Canze Construction Engineering Co., Ltd.* (南京燦澤建設工程有限公司) to Nanjing Yincheng Property Services Holdings Co., Ltd.* (南京銀城物業服務股份有限公司) at the consideration of RMB300,000;

(d) Plein Essor Property Services (Wuxi) Co., Ltd. equity interest transfer agreement* (怡禾(無錫)物業服務有限公司股權轉讓協議) dated 4 March 2019 entered into among Ngoi Seng Piaw (魏成彪), Nanjing Yincheng Property Services Holdings Co., Ltd.* (南京銀城物業服務股份有限公司) and Plein Essor Property Services (Wuxi) Co., Ltd.* (怡禾(無錫)物業服務有限公司), pursuant to which Ngoi Seng Piaw (魏成彪) agreed to transfer 100% equity interest in Plein Essor Property Services (Wuxi) Co., Ltd.* (怡禾(無錫)物業服務有限公司) to Nanjing Yincheng Property Services Holdings Co., Ltd.* (南京銀城物業服務股份有限公司) at the consideration of RMB3,380,000;

(e) an equity interest transfer agreement* (股權轉讓協議) dated 11 April 2019 entered into between Nanjing Rongbang Food & Beverage Investment Management Development Co., Ltd.* (南京榮邦餐飲投資管理發展有限公司) and Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司), pursuant to which Nanjing Rongbang Food & Beverage Investment Management Development Co., Ltd.* (南京榮邦餐飲投資管理發展有限公司) agreed to transfer all rights and obligations attaching to the equity interest in the sum of RMB2,450,000 in Nanjing Kangcheng Rongan Property Service Co., Ltd.* (南京康城榮安物業服務有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at consideration of RMB0;

(f) an equity interest transfer agreement* (股權轉讓協議) dated 11 April 2019 entered into among Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司), Yincheng Real Estate Group Holding Co., Ltd.* (銀城地產集團股份有限公司) and Nanjing Jinghe Agricultural Development Co., Ltd.* (南京京禾農業發展有限公司), pursuant to which Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) agreed to transfer 100% equity interest in Nanjing Jinghe Agricultural Development Co., Ltd.* (南京京禾農業發展有限公司) to Yincheng Real Estate Group Holding Co., Ltd.* (銀城地產集團股份有限公司) at the consideration of RMB1,500,000;

(g) a partnership interest transfer agreement* (合夥權益轉讓協議) dated 15 April 2019 entered into between Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Yincheng Real Estate Group Holding Co., Ltd.* (銀城地產集團股份有限公司), pursuant to which Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) agreed to transfer and Yincheng Real Estate Group Holding Co., Ltd.* (銀城地產集團股份有限公司) agreed to accept the transfer of the entire committed capital contribution of RMB30,000,000 (inclusive of paid-in capital contribution of RMB18,000,000) in Jinshi Lijing Equity Investment (Hangzhou) Partnership (Limited Partnership)* (金石利璟股權投資(杭州)合夥企業(有限合夥)) together with the corresponding partnership interests attaching thereto at the consideration of RMB18,000,000;

(h) an equity interest transfer agreement* (股權轉讓協議) dated 17 April 2019 entered into among Jia Yuan* (賈源), Nanjing Yincheng Property Services Holdings Co., Ltd.* (南京銀城物業服務股份有限公司) and Nanjing Leshuashua Decoration Engineering Design Co., Ltd.* (南京樂刷刷裝飾工程設計有限公司), pursuant to which Jia Yuan* (賈源) agreed to transfer 22% equity interest in Nanjing Leshuashua Decoration Engineering Design Co., Ltd.* (南京樂刷刷裝飾工程設計有限公司) to Nanjing Yincheng Property Services Holdings Co., Ltd.* (南京銀城物業服務股份有限公司) at the consideration of RMB1;

(i) an equity interest transfer agreement* (股權轉讓協議) dated 14 May 2019 entered into among Fan Juan* (樊娟), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司), pursuant to which Fan Juan* (樊娟) agreed to transfer equity interest in the sum of RMB150,000 in Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB229,687.5;

(j) an equity interest transfer agreement* (股權轉讓協議) dated 14 May 2019 entered into among Lv Yonghua* (呂永華), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司), pursuant to which Lv Yonghua* (呂永華) agreed to transfer equity interest in the sum of RMB150,000 in Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB229,687.5;

(k) an equity interest transfer agreement* (股權轉讓協議) dated 14 May 2019 entered into among Wang Weizhong* (王維仲), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司), pursuant to which Wang Weizhong* (王維仲) agreed to transfer equity interest in the sum of RMB150,000 in Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB229,687.5;

(l) an equity interest transfer agreement* (股權轉讓協議) dated 14 May 2019 entered into among Wang Ying* (王穎), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司), pursuant to which Wang Ying* (王穎) agreed to transfer equity interest in the sum of RMB150,000 in Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB229,687.5;

(m) an equity interest transfer agreement* (股權轉讓協議) dated 14 May 2019 entered into among Dai Wei* (戴瑋), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司), pursuant to which Dai Wei* (戴瑋) agreed to transfer 9.375% equity interest in Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB229,687.5;

(n) an equity interest transfer agreement* (股權轉讓協議) dated 14 May 2019 entered into among Liu Xueyong* (劉學勇), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司), pursuant to which Liu Xueyong* (劉學勇) agreed to transfer equity interest in the sum of RMB300,000 in Nanjing Ningyijia Enterprise Management Consulting Co., Ltd.* (南京寧億佳企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB459,375;

(o) an equity interest transfer agreement* (股權轉讓協議) dated 17 May 2019 entered into among Fan Juan* (樊娟), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司), pursuant to which Fan Juan* (樊娟) agreed to transfer equity interest in the sum of RMB40,000 in Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB86,700;

(p) an equity interest transfer agreement* (股權轉讓協議) dated 17 May 2019 entered into among Diao Yaming* (刁亞明), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司), pursuant to which Diao Yaming* (刁亞明) agreed to transfer equity interest in the sum of RMB40,000 in Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB86,700;

(q) an equity interest transfer agreement* (股權轉讓協議) dated 17 May 2019 entered into among Yang Jian* (楊健), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司), pursuant to which Yang Jian* (楊健) agreed to transfer equity interest in the sum of RMB40,000 in Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB86,700;

(r) an equity interest transfer agreement* (股權轉讓協議) dated 17 May 2019 entered into among Wang Ying* (王穎), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司), pursuant to which Wang Ying* (王穎) agreed to transfer equity interest in the sum of RMB40,000 in Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB86,700;

(s) an equity interest transfer agreement* (股權轉讓協議) dated 17 May 2019 entered into among Xu Liang* (徐良), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司), pursuant to which Xu Liang* (徐良) agreed to transfer equity interest in the sum of RMB40,000 in Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB86,700;

(t) an equity interest transfer agreement* (股權轉讓協議) dated 17 May 2019 entered into among Yu Shengming* (俞聖明), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司), pursuant to which Yu Shengming* (俞聖明) agreed to transfer equity interest in the sum of RMB40,000 in Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB86,700;

(u) an equity interest transfer agreement* (股權轉讓協議) dated 17 May 2019 entered into among Jiang Benqiang* (蔣本強), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司), pursuant to which Jiang Benqiang* (蔣本強) agreed to transfer equity interest in the sum of RMB40,000 in Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB86,700;

(v) an equity interest transfer agreement* (股權轉讓協議) dated 17 May 2019 entered into among Wu Shuping* (吳淑萍), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司), pursuant to which Wu Shuping* (吳淑萍) agreed to transfer equity interest in the sum of RMB40,000 in Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB86,700;

(w) an equity interest transfer agreement* (股權轉讓協議) dated 17 May 2019 entered into among Wang Lin* (王林), Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) and Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司), pursuant to which Wang Lin* (王林) agreed to transfer equity interest in the sum of RMB120,000 in Nanjing Chuanghe Enterprise Management Consulting Co., Ltd.* (南京創禾企業管理諮詢有限公司) to Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) at the consideration of RMB200,000;

(x) an equity interest transfer agreement* (股權轉讓協議) dated 20 May 2019 entered into between Yincheng Real Estate Group Holding Co., Ltd.* (銀城地產集團股份有限公司) and Nanjing Chengcheng Corporate Management Consultancy Co., Ltd.* (南京成城企業管理諮詢有限公司), pursuant to which Yincheng Real Estate Group Holding Co., Ltd.* (銀城地產集團股份有限公司) agreed to transfer all rights and obligations attaching to the equity interest in the sum of RMB90,000,000 in Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) to Nanjing Chengcheng Corporate Management Consultancy Co., Ltd.* (南京成城企業管理諮詢有限公司) at the consideration of RMB103,500,000;

(y) an equity interest transfer agreement* (股權轉讓協議) dated 20 May 2019 entered into between Nanjing Yinjia'an Corporate Management Co., Ltd.* (南京銀嘉安企業管理有限公司) and Nanjing Chengcheng Corporate Management Consultancy Co., Ltd.* (南京成城企業管理諮詢有限公司), pursuant to which Nanjing Yinjia'an Corporate Management Co., Ltd.* (南京銀嘉安企業管理有限公司) agreed to transfer all rights and obligations attaching to the equity interest in the sum of RMB10,000,000 in Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) to Nanjing Chengcheng Corporate Management Consultancy Co., Ltd.* (南京成城企業管理諮詢有限公司) at the consideration of RMB11,500,000;

(z) a trademark licensing agreement* (商標使用許可合同) dated 1 June 2019 entered into between Yincheng Real Estate Group Holding Co., Ltd.* (銀城地產集團股份有限公司) and Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司), pursuant to which Yincheng Real Estate Group Holding Co., Ltd.* (銀城地產集團股份有限公司) agreed to grant Nanjing Yincheng Property Services Co., Ltd.* (南京銀城物業服務有限公司) a licence to use a registered trademark in the PRC at a licensing fee to be separately agreed;

(aa) a deed of trademark licensing* (商標使用許可契據) dated 26 June 2019 entered into between Yincheng Real Estate Group Holding Co., Ltd.* (銀城地產集團股份有限公司) and Yincheng Life Service CO., Ltd. (銀城生活服務有限公司), pursuant to which Yincheng Real Estate Group Holding Co., Ltd.* (銀城地產集團股份有限公司) agreed to irrevocably grant Yincheng Life Service CO., Ltd. (銀城生活服務有限公司) a non-transferable and non-exclusive license to use a registered trademark in Hong Kong on a royalty-free basis;

(bb) a deed of non-competition dated 21 October 2019 executed by Huang Qingping (黃清平), Silver Huang Holding Limited and Silver Wutong Holding Limited (collectively, the “Obligors”) in favour of Yincheng Life Service CO., Ltd. (銀城生活服務有限公司) (for itself and as trustee for its subsidiaries) regarding certain non-competition confirmations and undertakings provided by each of the Obligors;

(cc) a deed of indemnity dated 21 October 2019 executed by Huang Qingping, Silver Huang Holding Limited and Silver Wutong Holding Limited in favour of Yincheng Life Service CO., Ltd. (for itself and as trustee for its subsidiaries), particulars of which are set out in the paragraph headed “D. Other Information — 1. Estate duty, tax and other indemnities” in this Appendix; and

(dd) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

As at the Latest Practicable Date, we have registered the following intellectual property rights.

(a) Trademarks

As at the Latest Practicable Date, we are the owner or licensee of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registration number	Class	Registrant/ Trademark owner	Place of registration	Registration date	Expiry date
1.		10490215	9	Yincheng Property Services	The PRC	7 July 2013	6 July 2023
2.		10494581	45	Yincheng Property Services	The PRC	7 April 2013	6 April 2023
3.		10490777	36	Yincheng Real Estate	The PRC	28 July 2013	27 July 2023
4.		304652271	6, 16, 28, 36, 37, 42, 44	Yincheng Real Estate	Hong Kong	30 August 2018	29 August 2028

(b) Domain name

As at the Latest Practicable Date, we are the registrant of the following domain name(s) which we consider to be or may be material to our business:

No.	Domain name	Registrant	Registration date	Expiry date
1.	yinchenglife.hk	Yincheng Property Services	24 June 2019	24 June 2020

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Interests of our Directors in dealing with our Group

Save for the service contracts and letters of appointment entered into between our Directors and our Company, none of our Directors or their close associates has engaged in any dealings with our Group during the Track Record Period.

2. Interests and/or short positions of our Directors in the Shares, underlying Shares and debentures of our Company or any associated corporation

Immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account any Share which may be allotted and issued upon the exercise of the Over-allotment Option), the interests and short positions of each Director and the chief executive of our Company in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO) once the Shares are listed on the Stock Exchange, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, once the Shares are listed on the Stock Exchange, or which will be required, pursuant to the Model Code for Securities

Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange once the Shares are listed on the Stock Exchange will be as follows:

Name of Director	Company concerned	Nature of interest	Number of Shares held (Note 1)	Approximate percentage of interest in our Company
Mr. Huang	Our Company	Interest in controlled corporation (Note 2)	109,120,000 (L)	40.91%
Mr. Xie	Our Company	Interest in controlled corporation (Note 3)	14,500,000 (L)	5.44%
Mr. Ma	Our Company	Interest in controlled corporation (Note 4)	13,440,000 (L)	5.04%
Mr. Zhu Li	Our Company	Interest in controlled corporation (Note 5)	6,720,000 (L)	2.52%

Notes:

1. The letter "L" denotes a long position in the Shares held.

2. The Shares are held by Silver Huang and Silver Wutong, respectively, which in turn is directly wholly-owned by Mr. Huang. As such, Mr. Huang is deemed under the SFO to be interested in the Shares held by Silver Huang and Silver Wutong.

3. The Shares are held by Silver Xie, which in turn is directly wholly-owned by Mr. Xie. As such, Mr. Xie is deemed under the SFO to be interested in the Shares held by Silver Xie.

4. The Shares are held by Silver Ma, which in turn is directly wholly-owned by Mr. Ma. As such, Mr. Ma is deemed under the SFO to be interested in the Shares held by Silver Ma.

5. The Shares are held by Silver Li, which in turn is directly wholly-owned by Mr. Zhu Li. As such, Mr. Zhu Li is deemed under the SFO to be interested in the Shares held by Silver Li.

3. Interests and/or short positions discloseable under the SFO and our substantial shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors are not aware of any person who will, immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option), have an interest 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 will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

4. Particulars of service contracts and appointment letters

(a) Executive Directors

Each of our executive Directors has entered into a service agreement with our Company under which they have agreed to act as our executive Directors for an initial term of three years commencing from the Listing Date. Either party has the right to give not less than three months' written notice to terminate the service agreement.

According to the terms of the service contracts entered into between our Company and the executive Directors, the annual remuneration (excluding discretionary and performance bonuses) of each of our executive Director is as follows:

Name	Salaries and allowances
	(RMB)
Mr. Li Chunling	1,270,000
Ms. Huang Xuemei	590,000

The basic monthly salary payable by our Company to our relevant executive Director is subject to annual review by our Board and the remuneration committee of our Company.

Each of the executive Directors will be entitled to a discretionary bonus and a performance bonus as may be determined by the remuneration committee of our Company from time to time by reference to the financial performance of our Company as well as the individual performance of the relevant executive Directors.

(b) Non-executive Directors and Independent non-executive Directors

Each of our non-executive Directors and independent non-executive Directors has signed a letter of appointment with our Company for an initial term of three years.

The annual director's fees payable by our Company to each of our non-executive Directors and independent non-executive Directors pursuant to the relevant letter of appointment is as follows:

Name	Director's fee
Non-executive Directors	
Huang Qingping	RMB80,000
Xie Chenguang	RMB80,000
Ma Baohua	RMB80,000
Zhu Li	RMB80,000
Independent non-executive Directors	
Chow Siu Hang	HK$240,000
Li Yougen	RMB80,000
Mao Ning	RMB80,000

Save as disclosed above, none of our Directors has entered or is proposed to enter into a service agreement with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(c) Remuneration of our Directors

(i) For FY2016, FY2017 and FY2018 and 4M2019, the total remuneration (including fees, salaries, allowances and benefits in kind, performance-related bonuses, pension scheme contributions and social welfare) paid by us to our Directors amounted to approximately RMB1.5 million, RMB2.2 million, RMB1.8 million and RMB0.4 million, respectively.

(ii) Under the arrangements currently in force, the aggregate remuneration (including fees, salaries, allowances and benefits in kind, performance-related bonuses, pension scheme contributions and social welfare) payable to our Directors in respect of the year ending 31 December 2019 is estimated to be approximately RMB2.1 million.

(iii) 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. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

(iv) None of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

(v) Save as disclosed in this prospectus, no other payments had been made, or are payable, by any member of our Group to our Directors during the Track Record Period.

5. Competing interest of Directors

For further details, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus.

6. Agency fees or commissions received

Save as disclosed in the section headed "Underwriting — Underwriting Arrangements and Expenses" in this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

7. Related party transactions

Save as disclosed in Note 34 to the Accountants' Report set out in Appendix I to this prospectus, for the Track Record Period, our Group has not engaged in any other material related party transactions.

8. Disclaimers

Save as disclosed in this Appendix:

(a) our Directors are not aware of any person (other than our Directors or the chief executive of our Company) who will, immediately following completion of the Global Offering (without taking into account of any Share which may be issued upon exercise of the Over-allotment Option), have an interest and/or a short position in the Shares or 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 (including interests and/or short positions which they are deemed to have under such provisions of the SFO) or who will, either directly or indirectly, be expected to be interested in 10% or more of nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group;

(b) none of our Directors or the chief executives of our Company had any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company 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) once the Shares are listed on the

Stock Exchange, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, once the Shares are listed on the Stock Exchange, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange once the Shares are listed on the Stock Exchange;

(c) none of our Directors nor any of the persons whose names are listed in the section headed "D. Other information — 10. Qualifications of experts" in this Appendix IV was directly or indirectly interested in the promotion of our Company, or has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to our Company or any of its subsidiaries, within the two years immediately preceding the date of this prospectus, or were proposed to be acquired or disposed of by or leased to our Company or any of its subsidiaries nor will any Director apply for Offer Shares either in his own name or in the name of a nominee;

(d) none of the persons whose names are listed in the section headed "D. Other information — 10. Qualifications of experts" of this Appendix IV is materially interested in any contract or arrangement subsisting at the date of this prospectus which was significant in relation to the business of our Group;

(e) none of our Directors nor any of the persons whose names are listed in the section headed "D. Other information — 10. Qualifications of experts" in this Appendix IV has received any agency fee, commissions, discounts, brokerage or other special terms from our Group within the two years immediately preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group;

(f) none of our Directors 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 taken; and

(g) none of the parties listed in the section headed "D. Other information — 10. Qualifications of experts" of this Appendix IV:

  (i) are interested legally or beneficially in any securities of any member of our Group; and

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of our Group.

D. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the Cayman Islands or the BVI or Hong Kong or the PRC in which the companies comprising our Group are incorporated. There is no estate duty in the Cayman Islands applicable to our Company.

Stamp Duty

Dealings in the Shares will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. A total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

Deed of indemnity

The Controlling Shareholders (together the "**Indemnifiers**") have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of its subsidiaries) whereby conditional upon the conditions set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus having been fulfilled, the Indemnifiers have given indemnities in connection with, among other matters:

(a) any duty which is or hereafter payable by us by virtue of section 35 and/or section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) by reason of the death of any person and by reason of the assets of us or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death by reason of that person making or having made a relevant transfer to us at any time on or before the Listing Date;

(b) any amount recovered against any of us under the provisions of Section 43(7) of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) in respect of any duty payable under Section 43(1)(c) or 43(6) of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) by reason of the death of any person and by reason of the assets of any of us or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death by reason of that person making or having made a relevant transfer to any of us at any time on or before the Listing Date;

(c) any amount of duty which any of us is obliged to pay by virtue of Section 43(1)(c) of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) in respect of the death of any person in any case where the assets of another company or any of them are deemed for the purpose of estate duty to be included in the property passing on that person's death by reason of that person making or having made a relevant transfer to that other company and by reason of any of us having received any distributed assets of that other company on their distribution within the meaning of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong), in each case at any time on or before the Listing Date, but only to the extent to which any of us is unable to recover an amount or amounts in respect of that duty from any other person under the provisions of Section 43(7)(a) of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong);

(d) any and all taxation including estate duty falling on any company of our Group in any part of the world resulting from or by reference to any income, profits or gains earned accrued or received on or before the Listing Date or any event on or before the Listing Date whether alone or in conjunction with other circumstances and whether or not such tax is chargeable against or attributable to any other person;

(e) any liabilities of whatever nature that may arise out of or from or as a result of or in connection with the business and/or operation of any company of our Group, whether in the ordinary course of the business of our Group or otherwise, on or before the Listing Date;

(f) all or any of the liabilities in connection with any tax, duty, excise, customs, charges, fees or expenses that may arise or be incurred in Hong Kong or any part of the world in the context and/or course of, or in relation to, the operation and/or business of our Group on or before the Listing Date;

(g) all or any liabilities, damages, costs, charges, fees, expenses and interest (collectively, "**liabilities**") that may arise or be payable under or in connection with any legal action or proceedings of whatever nature and irrespective of where instituted and whether on going or otherwise of which any company of our Group is involved or is a party of whatever capacity thereto (i) to the extent that such liabilities are not covered by the relevant insurance policies taken out by any company of our Group; or (ii) to the full extent of such liabilities in the event that none of the companies of our Group has taken out any insurance policy to cover such liabilities, provided that the cause of action for such legal action or proceedings has occurred before the Listing Date; and

(h) all reasonable costs (including all legal costs), expenses or other liabilities which any of us may reasonably incur in connection with:

(i) the investigation, assessment or the contesting of any claim under the Deed of Indemnity;

(ii) the settlement of any claim under the Deed of Indemnity;

(iii) any legal proceedings in which any of us claims under or in respect of the Deed of Indemnity and in which judgment is given for any of us; or

(iv) the enforcement of any such settlement or judgment in respect of any claim under the Deed of Indemnity,

save and except that the Indemnifiers shall be under no liability under the Deed of Indemnity:

(i) for any penalty imposed on any of us under Section 42 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) by reason of the relevant company defaulting in any obligation to give information to the Commissioner of Estate Duty under Section 42(1) of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) after the date of the Deed of Indemnity;

(ii) to the extent that provision has been made for such taxation or liability in the audited consolidated accounts of our Company or the audited accounts of the relevant company of our Group as at 30 April 2019 (the "**Accounts**");

(iii) to the extent that such claim arises or is incurred as a consequence of any retrospective change in the law or regulations or practice by the Hong Kong Inland Revenue Department or any other relevant authorities in any part of the world coming into force after the date thereof or to the extent that such claim arises or is increased by an increase in rates of taxation after the date thereof with retrospective effect;

(iv) to the extent that such taxation or liability is caused by the act or omission of, or transaction voluntarily effected by, any company of our Group which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets other than any prosecution by any government authority;

(v) to the extent that such taxation or liability would not have arisen but for any act or omission by any company of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifiers; and

(vi) to the extent of any provision or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve, provided that the amount of any such provision or reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising after 30 April 2019.

2. Material claims or litigation

Save as disclosed in the section headed "Legal Proceedings and Compliance" in this prospectus, as at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group, that would have a material adverse effect on our business, results of operations or financial condition.

3. No material adverse change

Save as disclosed in this prospectus, our Directors confirmed that there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since 30 April 2019, the date of the latest audited combined financial statements of our Group, up to the Latest Practicable Date.

4. The Sole Sponsor

Save for the advisory fees in the amount of US$1,000,000 to be paid to the Sole Sponsor as the sponsor in connection with the Listing and the commission as disclosed in the section headed "Underwriting" in this prospectus to be paid to the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and Co-Lead Managers for its obligations under the Underwriting Agreements, neither the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and Co-Lead Managers nor any of their respective close associates has or may, as a result of the Listing, have any interest in any class of securities of our Company or any of our subsidiaries (including options or rights to subscribe for such securities).

The Sole Sponsor has confirmed that it satisfies the independence criteria applicable to sponsors set forth in Rule 3A.07 of the Listing Rules.

5. Preliminary expenses

The estimated preliminary expenses incurred or proposed to be incurred by our Company relating to the incorporation of our Company are approximately RMB18,592.5 and are payable by our Company.

6. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

7. Agency fees or commission

Save as disclosed in this prospectus, within two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of any member of our Group.

8. Registration procedures

The principal register of members of our Company will be maintained in the Cayman Islands by Appleby Global Services (Cayman) Limited and a Hong Kong branch register of members of our Company will be maintained in Hong Kong by our Hong Kong Branch Share Registrar. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's Hong Kong branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

9. Taxation of holders of Shares

Dealings in Shares will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

Potential holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares.

None of our Company, our Directors or other parties involved in the Listing can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

10. Qualifications of experts

The qualifications of the experts (as defined under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the Listing Rules) who have given their opinions or advice in this prospectus are as follows:

Name	Qualifications
ICBC International Capital Limited	Licensed corporation permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Zhejiang T&C Law Firm	Legal advisers to our Company as to the laws of the PRC
Appleby	Legal advisers to our Company as to the laws of the Cayman Islands
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

11. Consents of experts

Each of the experts as referred to in the paragraph headed "10. Qualifications of experts" above in this appendix has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of statement(s) made by it and/or its report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which they respectively appears.

None of the experts as referred to in the paragraph headed "10. Qualifications of experts" has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

12. Compliance adviser

In accordance with the requirements of the Listing Rules, our Company has appointed Anglo Chinese Corporate Finance, Limited as our compliance adviser to provide advisory services to our Company to ensure compliance with the Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with the Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date, or until the compliance adviser agreement is otherwise terminated upon the terms and conditions set out therein.

13. Miscellaneous

Save as disclosed in this prospectus, within two years immediately preceding the date of this prospectus:

(a) none of our Directors nor any of the parties listed in the paragraph "10. Qualifications of experts" in this appendix has any direct or indirect interest in the promotion of, or in any asset which have been, acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) none of our Directors nor any of the parties listed in the paragraph "10. Qualifications 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;

(c) none of our Directors has any existing or proposed services contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than payment of statutory compensation);

(d) no capital of any member of our Group is under option, or agreed conditionally or unconditionally to be put under option;

(e) we have not issued or agreed to issue any founder or management or deferred Shares nor any outstanding debentures;

(f) within the two years preceding the date of this prospectus, there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group;

(g) within the two years preceding the date of this prospectus, no share or loan capital or debentures of our Company or of any of our principal operating subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly either for cash or for a consideration other than cash;

(h) we have no outstanding debentures or convertible debt securities;

(i) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;

(j) no commissions, discounts, brokerages or other special terms were paid or granted within the two years immediately preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group, and none of our Directors nor any of the parties listed in the paragraph "10. Qualifications of experts" in this Appendix has received any such payment or benefit;

(k) no commission (but not including commission to the Underwriters) had been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Share in or debentures of our Company;

(l) no company within our Group is presently listed on any stock exchange or traded on any trading system; and

(m) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

14. 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 the provisions (other than penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

15. Bilingual prospectus

The English version and the Chinese version of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of this prospectus, together with copies of the Application Forms, the written consents referred to in the paragraph headed "D. Other Information — 11. Consents of experts" in Appendix IV to this prospectus and certified copies of material contracts referred to in the paragraph headed "B. Further Information about our Business — 1. Summary of material contracts" in Appendix IV to this prospectus have been delivered to the Registrar of Companies in Hong Kong for registration.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of P. C. Woo & Co. at 12/F, Prince's Building, 10 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the Accountants' Report of our Company from Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the report from Ernst & Young 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 combined financial statements of our Group for the three years ended 31 December 2018 and the four months ended 30 April 2019;

(e) the letter of advice from Appleby, legal advisers to our Company as to Cayman Islands law, summarising the constitution of our Company and certain aspects of the Cayman Companies Law referred to in "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus;

(f) the Cayman Companies Law;

(g) the legal opinions issued by Zhejiang T&C Law Firm, legal advisers to our Company as to PRC law, in respect of our Group's business operations and property interests in the PRC;

(h) the material contracts referred to in the paragraph headed "B. Further Information about our Business — 1. Summary of material contracts" in Appendix IV to this prospectus;

(i) the written consents referred to in the paragraph headed "D. Other Information — 11. Consents of experts" in Appendix IV to this prospectus;

(j) the service agreements and letters of appointment referred to in the paragraph headed "C. Further Information about our Directors and Substantial Shareholders — 4. Particulars of service contracts and appointment letters" in Appendix IV to this prospectus; and

(k) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in the section headed "Industry Overview" in this prospectus.

銀城生活服務有限公司
YINCHENG LIFE SERVICE CO., LTD.