zhenro正荣服务

ZHENRO SERVICES GROUP LIMITED
正榮服務集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 6958

GLOBAL OFFERING

Sole Sponsor

建银国际 CCB International

Joint Global Coordinators

建银国际 CCB International

正榮金融 Zhenro Capital

Joint Bookrunners and Joint Lead Managers

建银国际 CCB International | 正榮金融 Zhenro Capital | 國泰君安國際 GUOTAI JUNAN INTERNATIONAL | BNP PARIBAS | 海通國際 HAITONG | 兴证国际 | CRIC 克而瑞證券 CRIC SECURITIES CO. LTD | 申萬宏源香港 SHENWAN HONGYUAN

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

ZHENRO SERVICES GROUP LIMITED
正榮服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**250,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**25,000,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**225,000,000 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**Not more than HK$4.70 per Offer Share and expected to be not less than HK$3.60 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**US$0.002 per Share**
Stock code	**:**	**6958**

Sole Sponsor

建银国际 CCB International

Joint Global Coordinators

建银国际 CCB International　　正榮金融 Zhenro Capital

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建银国际 CCB International　正榮金融 Zhenro Capital　國泰君安國際 GUOTAI JUNAN INTERNATIONAL　BNP PARIBAS　海通國際 HAITONG　兴证国际　克而瑞證券 CRIC SECURITIES CO.,LTD　申萬宏源香港 SHENWAN HONGYUAN

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

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection — A. Documents delivered to the Registrar of Companies" in Appendix V to this prospectus, has been registered with 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 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 final Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and the Company on the Price Determination Date, which is expected to be on or around Friday, July 3, 2020 and in any event, not later than Wednesday, July 8, 2020. The Offer Price will be not more than HK$4.70 per Offer Share and is currently expected to be not less than HK$3.60. If, for any reason, the final Offer Price is not agreed by Wednesday, July 8, 2020 between the Joint Global Coordinators (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, or to or for the account or benefit of the U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$4.70 for each Hong Kong Offer Share together with 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 is less than HK$4.70.

The Joint Global Coordinators (on behalf of the Underwriters), and with our consent, may, where considered appropriate, reduces the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK$3.60 to HK$4.70) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the website of our Company at **http://www.zhenrowy.com** and on the website of the Stock Exchange at **www.hkexnews.hk** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

Prior to making an investment decision, prospective investors should consider all of the information set out in this prospectus, including the risk factors set out in "Risk Factors".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) if certain grounds for termination arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination".

June 29, 2020

Latest time to complete electronic applications under the **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Friday, July 3, 2020
Application lists of the Hong Kong Public Offering open[3]	11:45 a.m. on Friday, July 3, 2020
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, July 3, 2020
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 Friday, July 3, 2020
Application lists of the Hong Kong Public Offering close[3]	12:00 noon on Friday, July 3, 2020
Expected Price Determination Date[5]	Friday, July 3, 2020
Announcement of the Offer Price, the levels of indication of interest in the International Offering, the level of applications in respect of the Hong Kong Public Offering and basis of allocation under the Hong Kong Public Offering to be published on the website of the Stock Exchange at **www.hkexnews.hk**[6] and the Company's website at **http://www.zhenrowy.com**[7] on or before	Thursday, July 9, 2020
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" from	Thursday, July 9, 2020
Results of allocations in the Hong Kong Public Offering to 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" function on	Thursday, July 9, 2020

Dispatch of Share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before(8) . . . . . .Thursday, July 9, 2020

Dispatch of **White Form** e-Refund payment instructions/ refund cheques in respect of wholly successful (in the event that the final Offer Price is less than initial price per Hong Kong Offer Share payable on application) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before(9) . . . . . .Thursday, July 9, 2020

Dealings in the Shares on the Stock Exchange to commence on . . . . .Friday, July 10, 2020

Notes:

(1) All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Global Offering, including the conditions of the Hong Kong Public Offering, are set out in "Structure and Conditions of the Global Offering" in this prospectus.

(2) You will not be permitted to submit your application to the **White Form eIPO** Service Provider 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 a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning, a tropical cyclone warning signal number eight or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 3, 2020, the application lists will not open and close on that day. See "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus. If the application lists do not open and close on Friday, July 3, 2020, the dates mentioned in this section may be affected. We will make a press announcement in such an event.

(4) Applicants who apply by giving **electronic application instructions** to HKSCC should see "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, being the date on which the final Offer Price is to be determined, is expected to be on or around Friday, July 3, 2020 and in any event, no later than Wednesday, July 8, 2020. If, for any reason, the Offer Price is not agreed by Wednesday, July 8, 2020 between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

(6) The announcement will be available for viewing on the "Main Board — Allotment of Results" page on the website of the Stock Exchange at **www.hkexnews.hk**.

(7) None of the website or any of the information contained on the website form part of this prospectus.

(8) Applicants who apply for 1,000,000 Hong Kong Offer Shares or more and have indicated in their Application Forms that they wish to collect Share certificates (if applicable) and refund cheques (if applicable) in person may do so 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 Thursday, July 9, 2020 or any other date as notified by us as the date of dispatch of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who opt for personal collection must not authorize any other person to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by sending their authorized representatives each

bearing a letter of authorization from his corporation stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Applicants who have applied on **YELLOW** Application Forms may not elect to collect their Share certificates, which will be deposited into CCASS for credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. Uncollected Share certificates and refund cheques will be dispatched by ordinary post to the addresses specified in the relevant applications at the applicants' own risk. See "How to Apply for Hong Kong Offer Shares" in this prospectus.

(9) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the final Offer Price is less than the initial price per Hong Kong Offer Share payable on application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. See "How to Apply for Hong Kong Offer Shares" in this prospectus.

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and Share certificates.

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This prospectus is issued by Zhenro Services Group Limited solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any securities 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 or the distribution of this prospectus in any jurisdiction other than Hong Kong. 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 applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on as having been authorized by the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, representatives, employees, agents or professional advisors 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. Since it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

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

OVERVIEW

We are a nationwide, fast-growing and comprehensive property management service provider in China, offering diversified property management services for residential and non-residential properties. We pride ourselves in having provided property management services in China for over 15 years, and we believe that our extensive industry experience differentiates us from many of our competitors. We were ranked 19th and 22nd among the 2020 and 2019 Top 100 Property Management Companies in China (2020中國物業服務百強企業第19名和2019中國物業服務百強企業第22名) in terms of overall strength[1] by CIA in 2020 and 2019, respectively. According to CIA, we are one of the fastest-growing property management companies in China. We were ranked tenth and third in terms of growth rate of revenue and net profit for 2019, respectively, among the top 30 of the 2020 Top 100 Property Management Companies, and were ranked fourth and seventh in terms of growth rate of revenue and net profit for 2018, respectively, among the top 30 of the 2019 Top 100 Property Management Companies.[1]

As of December 31, 2019, we had 149 projects under management in 21 cities that span across four major regions in China, namely, the Yangtze River Delta Region, the Western Straits Region, the Midwest Region and the Bohai Rim Region. As of the same date, the projects managed by us had a total GFA under management of approximately 22.9 million sq.m. and a total contracted GFA of approximately 37.0 million sq.m.

Our business serves a wide range of properties, including residential and non-residential properties such as government and public facilities, office buildings, industrial parks and schools. We embrace our principle of "providing heartfelt and personalized services with a sense of companionship" (服務為你,陪伴由心) in developing and providing our property management services, which emphasizes high-quality services that we are committed to offering to our customers. According to Yihan Zhiku, we were recognized as one of the Top Ten of the 2019 Community Service Providers in China by Growth (2019中國社區服務商成長性10強) and one of the Top 20 of the 2019 Community Service Providers in China by Brand Value (2019中國社區服務商品牌價值20強) in 2019.

We were established by Mr. ZR Ou and Zhenro Group in 2000 and started to provide property management services for residential property projects of Zhenro in 2004. We maintained a long-term and cooperative relationship with Zhenro, and began providing property management services to projects developed by Independent Third Parties in 2017. We provided property management services and value-added services to Zhenro and our revenue from Zhenro, our largest customer during the Track Record Period, amounted to RMB91.5 million, RMB128.6 million and RMB169.6 million, respectively, in 2017, 2018 and 2019, accounting for 33.5%, 28.2% and 23.7% of our total revenue in the same periods, respectively. In 2017, 2018 and 2019, our revenue from our property management services provided in relation to Projects Developed by Zhenro Property Group accounted for approximately 88.2%,

Note:

(1) CIA publishes the ranking of the Top 100 Property Management Companies in China in terms of overall strength each year. CIA prepares such ranking by assessing the relevant key factors of each company including but not limited to, management scale, operational performance, service quality, growth potential and social responsibility. Our rankings based on the growth rate of revenue and net profit may be different from the rankings of overall strength. See "Industry Overview — Background and Methodologies of CIA" for more details.

69.6% and 66.4%, respectively, of our total revenue from property management services for the same periods, relating to 77.1%, 74.5% and 47.6% of our total GFA under management, as of December 31, 2017, 2018 and 2019. We believe the relationship with Zhenro, in particular with Zhenro Property Group, coupled with our ability to expand our project portfolio through engagement with independent third-party property developers or property owners attributed to our fast growth in terms of revenue and net profit during the Track Record Period. Our revenue increased by 67.2% from RMB272.9 million in 2017 to RMB456.3 million for 2018, and increased by 57.0% to RMB716.2 million for 2019. Our net profit increased by 94.7% from RMB20.3 million in 2017 to RMB39.5 million in 2018, and also increased significantly to RMB109.2 million for 2019.

OUR BUSINESS MODEL

We have three business lines, namely, (i) property management services, (ii) value-added services to non-property owners and (iii) community value-added services, forming an integrated service offerings to our customers that cover the entire value chain of property management.

- *Property management services*. We provide a wide range of property management services to property developers, property owners and residents. Our property management services primarily include (i) cleaning services, (ii) security services, (iii) landscaping services and (iv) repair and maintenance services at both residential and non-residential properties.

- *Value-added services to non-property owners*. We offer a comprehensive range of property-related business solutions to non-property owners, which primarily include property developers. Our value-added services to non-property owners primarily consist of (i) sales assistance services (involving assistance to property developers in showcasing and marketing their properties, cleaning and maintenance, security and visitor management), (ii) additional tailored services customized to meet specific needs of our customers on an as-needed basis, (iii) housing repair services, (iv) preliminary planning and design consultancy services and (v) pre-delivery inspection services.

- *Community value-added services*. We provide community value-added services to property owners and residents. Our community value-added services primarily include (i) home-living services, (ii) car park management, leasing assistance and other services and (iii) common area value-added services to improve the living experience of our customers and to maintain and enhance the value of their properties.

We believe our property management service business line serves as the basis for us to generate revenue, expand our business scale, and increase our customer base for our community value-added services to property owners and residents. Our value-added services to non-property owners help us gain early access to property development projects and establish and cultivate business relationships with the property developers, giving us a competitive advantage in securing engagements for property management services. The comprehensive range of our community value-added services business line helps us to enhance our relationship with customers and improve their satisfaction and loyalty. We believe that our three business lines will continue to enable us to gain greater market shares and expand business presence in China.

The table below sets forth a breakdown of our total revenue by business line and customer type for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services						
– Zhenro	15,820	5.8	30,885	6.8	21,803	3.0
– Independent Third Parties[(1)]	131,003	48.0	217,173	47.6	317,262	44.3
– Mr. ZR Ou's associates (excluding Zhenro)	–	–	–	–	3,249	0.5
Subtotal	146,823	53.8	248,058	54.4	342,314	47.8
Value-added services to non-property owners						
– Zhenro	75,689	27.7	97,764	21.4	147,775	20.6
– Independent Third Parties[(1)]	1,521	0.6	5,557	1.2	14,324	2.0
– Mr. ZR Ou's associates (excluding Zhenro)	33,142	12.1	46,270	10.1	100,156	14.0
Subtotal	110,352	40.4	149,591	32.8	262,255	36.6
Community value-added services						
– Zhenro	–	–	–	–	–	–
– Independent Third Parties[(1)]	15,683	5.7	58,659	12.9	111,651	15.6
– Mr. ZR Ou's associates (excluding Zhenro)	–	–	–	–	–	–
Subtotal	15,683	5.7	58,659	12.9	111,651	15.6
Total	**272,858**	**100.0**	**456,308**	**100.0**	**716,220**	**100.0**

Note:

(1) Refer to property developers, property owners and residents that are independent of Zhenro Property Group and our Controlling Shareholders.

The growth in our revenue during the Track Record Period was primarily due to a general increase in revenue from our three business lines. In particular, our revenue from property management services increased from RMB146.8 million for 2017 to RMB248.1 million for 2018, and further increased to RMB342.3 million for 2019, which was mainly due to an increase in our total GFA under management as a result of an increase in the number of projects managed by us as we expanded our business scale. The table below sets forth a breakdown of our GFA under management by the dates indicated and revenue from property management services for the years indicated by type of property:

	As of or for the year ended December 31,								
	2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Residential properties	8,654	116,100	79.1	11,385	168,562	68.0	14,642	221,754	64.8
Non-residential properties	792	30,723	20.9	1,210	79,496	32.0	8,296	120,560	35.2
Total	**9,446**	**146,823**	**100.0**	**12,595**	**248,058**	**100.0**	**22,938**	**342,314**	**100.0**

In 2017, 2018 and 2019, 99.8%, 99.7% and 99.7% of our revenue generated from property management services was charged on a lump sum basis, respectively, while 0.2%, 0.3% and 0.3% of our revenue generated from property management services was charged on a commission basis for those same periods, respectively.

During the Track Record Period, we managed Projects Developed by Zhenro Property Group, Projects Solely Developed by Third-party Property Developers and Jointly Developed Projects. The table below sets forth a breakdown of our total GFA under management as of the dates and revenue generated from property management services for the years indicated:

	As of or for the year ended December 31,								
	2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Projects Developed by Zhenro Property Group	7,282	129,438	88.2	9,381	172,642	69.6	10,933	227,245	66.4
Projects Solely Developed by Third-party Property Developers[(1)]	2,164	17,385	11.8	3,214	75,416	30.4	11,607	113,549	33.2
Jointly Developed Projects[(2)]	–	–	–	–	–	–	398	1,520	0.4
Total	**9,446**	**146,823**	**100.0**	**12,595**	**248,058**	**100.0**	**22,938**	**342,314**	**100.0**

Notes:

(1) Include (i) projects solely developed by independent third-party property developers, among which there was a project in 2018, for which we recognized revenue of RMB5.7 million for provision of property management services to the office occupied by Zhenro Group and such office was solely developed by an independent third-party developer; and (ii) the project in 2019, for which we recognized revenue of RMB3.2 million for provision of property management service to other properties developed by an associate of Zhenro Group, which associate was jointly held by Zhenro Group and Independent Third Parties for potential land reclamation. Zhenro Group held 49.51% of interest in such associate.

(2) Refer to projects jointly developed by Zhenro Property Group and other property developers in which Zhenro Property Group did not hold a controlling interest.

We provided property management services to all of the properties developed by Zhenro Property Group during the Track Record Period. During the Track Record Period, our bidding success rate with respect to projects from Zhenro was 100.0% for each of 2017, 2018 and 2019. Our bidding success rate for projects from independent third-party property developers was approximately 28.9%, 51.7% and 28.0% for 2017, 2018 and 2019, respectively, and the bidding success rate for jointly developed projects in which Zhenro Property Group did not have a controlling interest was approximately 50.0%, 100.0% and 100.0%, respectively, for the same periods. The relatively low bidding success rate for projects from independent third-party property developers was primarily because we participated in an increasing number of tender processes during the Track Record Period, out of which we won 16, 44 and 41 projects in 2017, 2018 and 2019, respectively, in an effort to obtain more engagements, diversify our project portfolio and expand into new markets where we were in the process of establishing over brand awareness. During the Track Record Period, our total contracted GFA increased from 16.2 million sq.m. as of December 31, 2017 to 24.9 million as of December 31, 2018 and further to 37.0 million sq.m. as of December 31, 2019.

The table below sets forth our average property management fee by property developer for property management services for the years indicated:

	For the year ended December 31,		
	2017	**2018**	**2019**
	RMB per sq.m. per month		
Projects Developed by Zhenro Property Group	2.09	2.21	2.47
Projects Solely Developed by Third-party Property Developers[(1)]	2.91	2.25	1.72
Jointly Developed Projects[(2)]	–	–	2.38
Overall average property management fee	**2.27**	**2.22**	**2.14**

Notes:

(1) Include (i) projects solely developed by independent third-party property developers, among which there was a project in 2018, for which we recognized revenue of RMB5.7 million for provision of property management services to the office occupied by Zhenro Group and such office was solely developed by an independent third-party developer; and (ii) the project in 2019, for which we recognized revenue of RMB3.2 million for provision of property management service to other properties developed by an associate of Zhenro Group, which associate was jointly held by Zhenro Group and Independent Third Parties for potential land reclamation. Zhenro Group held 49.51% of interest in such associate.

(2) Refer to projects jointly developed by Zhenro Property Group and other property developers for which Zhenro Property Group did not hold a controlling interest.

The increase in the average property management fee charged on Projects Developed by Zhenro Property Group during the Track Record Period was primarily due to the fact that we were able to charge higher property management fees for our services to certain new properties delivered for our management in 2018 and 2019 given our well-established track record and enhanced brand name and also due to the fact that certain office buildings under our management in 2018 and 2019 were located in prime locations in first- and second-tier cities such as Shanghai. The decrease in the average property management fee charged on Projects Solely Developed by Third-party Property Developers from 2017 to 2018 was primarily due to our continuous efforts in diversifying our income source by providing services to new third-party property developers at competitive prices. The average property management fee charged on Projects Solely Developed by Third-party Property Developers decreased in 2019 as compared to 2018, primarily due to the fact that certain new projects under our management were of relatively new property type for us, such as industrial parks, but were located in third- and fourth-tier cities where the average property management fees were relatively low as compared to those of other properties in our project portfolio. The average property management fees charged on Projects Developed by Zhenro Property Group were lower than those charged on Projects Solely Developed by Third-party Property Developers in 2017 and 2018, primarily because a substantial portion of Projects Solely Developed by Third-party Property Developers were non-residential properties with relatively higher average property management fees as compared to those of residential properties. We also provided property management services to Jointly Developed Projects in 2019 at an average property management fee that was on par with that of the Projects Developed by Zhenro Property Group in the same year.

The table below sets forth a breakdown of our total GFA under management as of the dates and revenue from property management services for the years indicated by geographic region:

	As of or for the year ended December 31,								
	2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Yangtze River Delta Region[(1)]	3,500	52,119	35.5	5,268	124,849	50.3	8,529	194,748	56.9
Western Straits Region[(2)]	2,533	45,945	31.3	3,209	61,106	24.6	9,521	75,739	22.1
Midwest Region[(3)]	3,106	44,299	30.2	3,799	53,566	21.6	4,174	62,002	18.1
Bohai Rim Region[(4)]	307	4,460	3.0	319	8,537	3.5	714	9,825	2.9
Total	**9,446**	**146,823**	**100.0**	**12,595**	**248,058**	**100.0**	**22,938**	**342,314**	**100.0**

Notes:

(1) Cities in which we provide property management services to projects in the Yangtze River Delta Region include Shanghai, Nanjing, Suzhou, Hefei, Jiaxing, Taizhou, Chuzhou, Lu'an, Nantong and Wuhu.

(2) Cities in which we provide property management services to projects in the Western Straits Region include Fuzhou, Putian, Pingtan, Nanping, Quanzhou, Sanming and Zhangzhou.

(3) Cities in which we provide property management services to projects in the Midwest Region include Nanchang, Yichun, Changsha, Wuhan, Xi'an, Ganzhou, Suizhou, Xiangyang, Yueyang and Chongqing.

(4) Cities in which we provide property management services to projects in the Bohai Rim Region include Tianjin, Jinan, Xuzhou, Huai'an, Luoyang, Suqian and Zhengzhou.

We focus on cities with high population densities in economically developed regions, and the majority of our operations are concentrated in the Yangtze River Delta Region, the Western Straits Region and the Midwest Region. According to CIA, we were ranked first in terms of the proportion of the revenue generated from value-added services to non-property owners and community value-added services to the total revenue based on the relevant operating data for 2018. We were ranked fourth and ninth in terms of the growth rate of revenue among the 2019 Top 100 Property Management Companies and the 2020 Top 100 Property Management Companies headquartered in the Yangtze River Delta Region, respectively.

The table below sets forth the expiration schedule of our property management service agreements for projects under our management and contracted but undelivered projects as of December 31, 2019:

	Projects under management				Contracted but undelivered projects[3]			
	GFA		Number of agreements		GFA		Number of agreements	
	sq.m.'000	*%*	*Number*	*%*	*sq.m.'000*	*%*	*Number*	*%*
Property management service agreements without fixed terms[1][2]	**9,304**	**40.6**	**69**	**46.3**	**6,903**	**49.1**	**40**	**48.2**
Year ending December 31, 2020	7,778	33.9	34	22.8	688	4.9	6	7.2
Year ending December 31, 2021 and beyond	5,856	25.5	46	30.9	6,469	46.0	37	44.6
Subtotal	**13,634**	**59.4**	**80**	**53.7**	**7,157**	**50.9**	**43**	**51.8**
Total	**22,938**	**100.0**	**149**	**100.0**	**14,060**	**100.0**	**83**	**100.0**

Notes:

(1) Property management service agreements without fixed terms are typically (i) agreements entered into with property developers before a property owners' association is set up, and (ii) agreements entered into with certain property developers, owners or residents with whom we had property management service agreements that had fixed terms, but such terms expired and we continued to provide services until a new property management service agreement between such property owners' association and a property management company becomes effective. We face certain risks if such property management agreements are terminated or not renewed. See "Risk Factors — Risks Relating to Our Business and Industry — We cannot assure you that we can secure new or renew our existing property management service agreements on favorable terms, or at all" in this prospectus for further discussion.

(2) As of the Latest Practicable Date, our renewal rate for the property management service agreements which were without fixed terms as of December 31, 2019 was 95.7% (including property management service agreements with terms that had expired but were still under our management as of December 31, 2019).

(3) The number of agreements for contracted but undelivered projects refer to the agreements for which the projects were contracted to us but no portion of such projects had been delivered for our management as of December 31, 2019. The GFA for contracted but undelivered projects include any and all of the GFA that had been contracted but undelivered to us for management. Accordingly, our 83 contracted property management service agreements as of December 31, 2019 included (i) 74 contracted but undelivered residential property projects with an aggregate GFA of approximately 10.9 million sq.m. and (ii) nine contracted but undelivered non-residential property projects with an aggregate GFA of approximately 1.5 million sq.m. In addition to these 83 contracted property service agreements, we also had ten residential property projects as of December 31, 2019 with partial delivery and for which a portion of such properties were contracted for our property management but not yet delivered to us, which had an aggregate total GFA of approximately 1.7 million sq.m., mainly because the relevant portions of the properties were still under construction as of the same date.

The following table sets forth the breakdown of our cost of sales by business line for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	116,878	57.7	198,564	59.2	263,228	55.8
Value-added services to non-property owners	76,722	37.9	103,795	31.0	171,837	36.4
Community value-added services	8,939	4.4	32,966	9.8	36,666	7.8
Total	**202,539**	**100.0**	**335,325**	**100.0**	**471,731**	**100.0**

During the Track Record Period, our cost of sales primarily consists of labor costs and subcontracting costs, both of which accounted for 86.6%, 82.8% and 81.9%, of our total cost of sales during the respective periods, and our cost of sales increased for each of our three business lines, which were generally in line with the expansion of our business during the same period. See "Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income — Cost of Sales" on the breakdown of the main components of the costs of sales and "Financial Information — Results of Operations — Year Ended December 31, 2019 Compared to Year Ended December 31, 2018" and "Financial Information — Results of Operations — Year Ended December 31, 2018 Compared to Year Ended December 31, 2017" for analysis on the year-to-year changes.

The following table sets forth our gross profit and gross profit margin by business line for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	29,945	20.4	49,494	20.0	79,086	23.1
Value-added services to non-property owners	33,630	30.5	45,796	30.6	90,418	34.5
Community value-added services	6,744	43.0	25,693	43.8	74,985	67.2
Total gross profit/overall gross profit margin	**70,319**	**25.8**	**120,983**	**26.5**	**244,489**	**34.1**

Our gross profit and overall gross profit margin experienced an upward trend during the Track Record Period, primarily reflecting greater economies of scales, the growth of our community value-added services and the implementation of our cost control measures. Our gross profit margin increased from 2018 to 2019, primarily due to the overall increases in gross profits from each of our business lines, in particular the increase in gross profit from community value-added services. The gross profit margins for our community value-added services are higher than those for the other two business lines, primarily because community value-added services, such as car parks management, leasing assistance and other services and common area value-added services, are generally less labor-intensive than property management services and value-added services to non-property owners and therefore have lower costs. The general increase in the gross profit margins for our community value-added

services during the Track Record Period was mainly due to (i) an increase in car park management, leasing assistance and other services as a result of our continued business expansion since, in particular, we launched car park leasing assistance service in the Western Straits Region in the second half of 2018, (ii) the enhanced efforts to develop our diverse service offering of home-living services such as group purchases services, and (iii) an increase in GFA under management for our common area value-added services as a result of our marketing efforts.

The following table sets forth our gross profit and gross profit margin from property management services by property developer for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Projects Developed by Zhenro Property Group	26,537	20.5	34,760	20.1	52,863	23.3
Projects Solely Developed by Third-party Property Developers[(1)]	3,408	19.6	14,734	19.5	25,872	22.8
Jointly Developed Projects[(2)]	–	–	–	–	351	23.1
Total gross profit/overall gross profit margin	**29,945**	**20.4**	**49,494**	**20.0**	**79,086**	**23.1**

Notes:

(1) Include (i) projects solely developed by independent third-party property developers, among which there was a project in 2018, for which we recognized revenue of RMB5.7 million for provision of property management services to the office occupied by Zhenro Group and such office was solely developed by an independent third-party developer; and (ii) the project in 2019, for which we recognized revenue of RMB3.2 million for provision of property management service to other properties developed by an associate of Zhenro Group, which associate was jointly held by Zhenro Group and Independent Third Parties for potential land reclamation. Zhenro Group held 49.51% of interest in such associate.

(2) Refer to projects jointly developed by Zhenro Property Group and other property developers for which Zhenro Property Group did not hold a controlling interest.

The following table sets forth our gross profit and gross profit margin from property management services by property type for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Residential properties	23,104	19.9	31,521	18.7	48,143	21.7
Non-residential properties	6,841	22.3	17,973	22.6	30,943	25.7
Total gross profit/overall gross profit margin	**29,945**	**20.4**	**49,494**	**20.0**	**79,086**	**23.1**

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of property developers, property owners and residents. During the Track Record Period, our largest customer was Zhenro, to whom we provided property management services and value-added services to non-property owners. In 2017, 2018 and 2019, revenue generated from our services provided to Zhenro amounted to RMB91.5 million, RMB128.6 million and RMB169.6 million, respectively, accounting for 33.5%, 28.2% and 23.7% of our total revenue, respectively. In 2017, 2018 and 2019, revenue from our five largest customers amounted to RMB107.4 million, RMB155.1 million and RMB202.4 million, respectively, accounting for 39.4%, 34.0% and 28.3% of our total revenue for the same periods, respectively. See "Business — Customers" in this prospectus for more details.

For all three of our business lines, our suppliers are primarily subcontractors located in China which provide cleaning, security, landscaping and certain repair and maintenance services. In 2017, 2018 and 2019, purchases from our five largest suppliers amounted to RMB9.3 million, RMB12.8 million and RMB22.8 million, respectively, accounting for 17.1%, 11.4% and 11.9% of our total purchases for the same periods, respectively. See "Business — Suppliers" for more details.

OUR COMPETITIVE STRENGTHS

We believe that our success is primarily attributable to the following competitive strengths:

- a nationwide, fast-growing and comprehensive property management service provider;
- significant growth opportunities brought about by our long-term cooperative relationship with Zhenro Property Group;
- dual-property type business model, diversified project portfolio and balanced business development;
- high customer satisfaction and strong brand name achieved through provision of quality services;
- standardized operational procedures, digitalization of operations and effective cost control measures; and
- experienced management team supported by a professional and quality human resources system.

OUR BUSINESS STRATEGIES

We intend to implement the following strategies to further strengthen our market position in China's property management industry:

- expand our project portfolio, explore strategic investment, acquisition and cooperation opportunities and grow our business scale and market share;
- stay innovative and continue to develop diversified value-added services;
- further enhance operational efficiency with upgraded information technology systems to maximize cost efficiency; and
- continue to attract, train and retain talent.

SUMMARY OF KEY FINANCIAL INFORMATION

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

Selected Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,		
	2017	**2018**	**2019**
		RMB'000	
Revenue	272,858	456,308	716,220
Gross profit	70,319	120,983	244,489
Profit before tax	27,703	53,266	146,482
Profit and total comprehensive income for the year	**20,297**	**39,524**	**109,160**

We experienced rapid growth in revenue, gross profit and profit and total comprehensive income for the year during the Track Record Period which resulted from (i) the increases in our aggregate GFA under management and our contracted GFA, in particular, as a result of the increase in our contracted and managed GFA from Projects Developed by Zhenro Property Group during the Track Record Period and our enhanced efforts to acquire property management companies that focus on non-residential properties to expand our property portfolio and income source, as well as (ii) our enhanced efforts to improve operational efficiency, including retaining experienced professional staff and enhancing our cost control measures. Our gross profit margin also increased during the Track Record Period, primarily reflecting the increase in the gross profit margin of our community value-added services. See "Financial Information — Key Factors Affecting Our Results of Operations" in this prospectus for more details.

We recorded accumulated loss of RMB15.8 million as of January 1, 2017, which was primarily attributable to (i) the fact that we had relatively small total GFA under management prior to the Track Record Period, coupled with (ii) the relatively low property management fees charged by us as a result of the relevant PRC regulations and rules on pricing control on the property management industry prior to December 2014, and (iii) the prevailing low property management fees charged by us for the total GFA under management prior to 2015 could not fully cover the staff costs and other overhead costs incurred. As confirmed by CIA, due to the relatively low awareness and demand for property management services in the PRC market and the relevant PRC regulations and rules on pricing control for property management business prior to December 2014, i.e. before the new pricing control policies for property management business "the Circular of NDRC on the Opinions of Liberalizing Price Controls in Certain Services" (《國家發展和改革委員會關於放開部分服務價格意見的通知》) came into effect, we had charged the properties under our management at relatively low property management fee rates which were in line with the then prevailing fee rate charged by our industry peers. Our property management fee was approximately RMB1.33 per sq.m./month on average for 2014. We began to recognize net profits for 2015 as a result of (i) the increase in revenue from property management services due to the higher average property management fee charged by us from RMB1.45 per sq.m./month on average for 2015 to RMB1.76 per sq.m./month on

average for 2016, since the Circular of NDRC on the Opinions of Liberalizing Price Controls in Certain Services came into effect in December 2014, and the increase in total GFA under management from 3.5 million sq.m. as of December 31, 2015 to 5.4 million sq.m. as of December 31, 2016 due to the significant growth of residential property development business of Zhenro Property Group; (ii) the increase in revenue from value-added services to non-property owners due to the increase in demand by Zhenro Property Group which had more projects under development and sale. As a result, our net profits recognized in 2015 and 2016 would offset part of the accumulated losses brought forward in prior years and resulted in the accumulated loss of RMB15.8 million as of January 1, 2017. See also "Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Historical losses" in this prospectus for more details.

Selected Items of Consolidated Statements of Financial Position

	As of December 31,		
	2017	**2018**	**2019**
		RMB'000	
Non-current assets	40,707	42,931	139,912
Current assets	686,577	808,162	389,194
Total assets	**727,284**	**851,093**	**529,106**
Current liabilities	209,640	293,965	360,127
Net current assets	**476,937**	**514,197**	**29,067**
Net assets	**14,496**	**54,020**	**128,060**
Total equity	**14,496**	**54,020**	**128,060**

The increases in our non-current assets were primarily due to general increases in (i) goodwill, (ii) other intangible assets and (iii) investment properties from December 31, 2017 to December 31, 2019. We recorded goodwill in the amount of RMB19.5 million, RMB19.5 million and RMB59.5 million as of December 31, 2017, 2018 and 2019, respectively. We recorded other intangible assets in the amount of RMB11.4 million, RMB11.1 million and RMB33.0 million as of the same dates, respectively. Our goodwill mainly reflected the difference between the consideration for acquisition for equity interest in Jiangsu Aitao and Jiangsu Sutie and the fair value of the relevant identifiable net assets. Our other intangible asset mainly consisted of customer relationships and software gained from our acquisition of Jiangsu Aitao and Jiangsu Sutie. See "Financial Information — Description of Selected Items of Consolidated Statements of Financial Position — Goodwill" and "Financial Information — Description of Selected Items of Consolidated Statements of Financial Position — Other Intangible Assets" in this prospectus for more information. We also recorded the value of investment properties in the amount of nil, nil and RMB21.5 million as of the same dates, respectively, as a result of the car parks we acquired through Jiangsu Sutie in 2019.

Our net current assets increased slightly from RMB476.9 million as of December 31, 2017 to RMB514.2 million as of December 31, 2018. Our net current assets then decreased by RMB485.1 million from RMB514.2 million as of December 31, 2018 to RMB29.1 million as of December 31, 2019, primarily due to (i) a significant decrease in amounts due from related companies in the amount of RMB608.5 million, as we settled non-trade amounts due from related companies in 2019, and (ii) an increase in our other payables and accruals relating to consideration payable in connection with the acquisition of Jiangsu Sutie.

Selected Items of Consolidated Statements of Cash Flows

	For the year ended December 31,		
	2017	**2018**	**2019**
		RMB'000	
Operating cashflow before changes in working capital	30,925	58,221	161,618
– Changes in working capital	40,704	(4,497)	(9,092)
– Interest (paid)/received and (income tax paid)	(3,167)	329	(27,307)
Net cash inflow from operating activities	68,462	54,053	125,219
Net cash inflow/(outflow) from investing activities	14,715	(76,232)	663,468
Net cash outflow from financing activities	(50,058)	(29,007)	(620,088)
Net increase/(decrease) in cash and cash equivalents	**33,119**	**(51,186)**	**168,599**
Cash and cash equivalents as of the beginning of year	67,910	101,029	49,843
Cash and cash equivalents as of the end of year	**101,029**	**49,843**	**218,442**

Summary of Key Financial Ratios

The following table sets forth our key financial ratios as of the dates or for the years indicated:

	As of or for the year ended December 31,		
	2017	**2018**	**2019**
Return on equity[(1)] (%)	140.0	73.2	85.2
Return on total assets[(2)] (%)	2.8	4.6	20.6
Current ratios[(3)] (times)	3.3	2.7	1.1
Gearing ratios[(4)] (times)	34.5	9.6	0.16
Non-IFRS measure — Adjusted gearing ratio[(5)] (times)	–	0.37	0.16
Gross profit margin (%)	25.8	26.5	34.1
Net profit margin (%)	7.4	8.7	15.2

Notes:

(1) Equals profit for the year divided by total equity as of the end of that year and multiplied by 100%.

(2) Equals profit for the year divided by total assets as of the end of that year and multiplied by 100%.

(3) Equals current assets divided by current liabilities as of the same date.

(4) Equals total interest-bearing borrowings divided by total equity as of the end of that year.

(5) Equals total interest-bearing borrowings excluding our borrowing from a trust financing arrangement, divided by a total equity as of the end of that year. Our adjusted gearing ratios for the years are not calculated in accordance with IFRS, and they are considered non-IFRS financial measures. See "— Summary of Key Financial Information — Non-IFRS Measures — Adjusted Gearing Ratio" below for more discussion.

See "Financial Information — Key Financial Ratios" in this prospectus for further analysis of key financial ratios in the table above.

Non-IFRS Measures — Adjusted Gearing Ratio

To supplement our key financial ratios which were calculated based on consolidated financial statements presented in accordance with IFRS, we also use adjusted gearing ratio as non-IFRS measure, which is not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measure when shown in conjunction with the corresponding IFRS measure provides useful information to potential investors and management in facilitating a comparison of our operating performance from year to year by eliminating potential impacts of certain items that do not affect our ongoing operating performance, including non-recurring item which was not related to our ordinary course of business (each without considering tax effect). Such non-IFRS measure allows investors to consider matrices used by our management in evaluating our performance. From time to time in the future, there may be other items that we may exclude in reviewing our financial results. The use of the non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

In December 2016, we entered into a trust financing arrangement with an independent third party for a principal amount of RMB500.0 million, which we then advanced the entire principal amount to Zhenro Group in the same month. Under the trust financing arrangement, the amount had an interest rate of 9.0% per annum from December 2016 to November 2018 and an interest rate of 14.0% per annum from November 2018 to December 2019, when the entire amount was repaid by us in full. Our advance to Zhenro Group was made under substantially the same material terms of the trust financing arrangement, and we charged the same interest rates that we were charged under the trust financing arrangement to our advance to Zhenro Group. Zhenro Group repaid the entire outstanding amount of our advance to us in full as of December 31, 2019. We have repaid the outstanding amount under the trust financing arrangement in December 2019. See "Financial Information – Indebtedness – Other Borrowings" in this prospectus for more details on the trust financing and our related advance to Zhenro Group. We consider the trust financing arrangement as an one-off and non-recurring event by nature, and not a normal event in the ordinary course of our business nor indicative of our ongoing core operating performance, in order to provide the potential investors with a complete and fair understanding of our core operating results and financial performance, especially in (i) making year-to-year comparisons of, and assessing the profile of, our operating and financial performance; and (ii) making comparisons with other comparable companies. See "Financial Information — Non-IFRS Measures — Adjusted Gearing Ratio" and "Financial Information — Indebtedness — Other Borrowings" for more details.

The following table sets forth the reconciliations of our adjusted gearing ratio under the non-IFRS measures for the years indicated:

	For the year ended December 31,		
	2017	2018	2019
	(RMB'000, except for ratios)		
Total interest-bearing borrowings	500,000	520,000	20,375
Less:			
Trust financing arrangement	500,000	500,000	–
Non-IFRS measure			
— adjusted interest-bearing borrowings	**–**	**20,000**	**20,375**
Total equity	14,496	54,020	128,060
Gearing ratio (times)	34.5	9.6	0.16
Non-IFRS measure			
— adjusted gearing ratio (times)	**–**	**0.37**	**0.16**

CONTROLLING SHAREHOLDERS AND CONTINUING CONNECTED TRANSACTIONS

Immediately upon completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, WeiZheng, WeiYao and WeiTian, which are wholly-owned by Mr. ZR Ou, will, in aggregate, directly own approximately 65.5% of the total number of issued Shares. Hence, WeiZheng, WeiYao, WeiTian and Mr. ZR Ou will be our Controlling Shareholders under the Listing Rules.

Mr. ZR Ou is also beneficially interested in approximately 54.6% of the total number of issued shares of Zhenro Properties, the shares of which are listed on the Stock Exchange (stock code: 6158). Zhenro Properties, through its subsidiaries and associates, is principally engaged in the businesses of property development, property leasing and commercial operational services, and hence does not compete or is not likely to compete, either directly or indirectly, with our Company, which would require disclosure under Rule 8.10 of the Listing Rules. See "Relationship with Controlling Shareholders" in this prospectus.

During the Track Record Period, we were engaged by Zhenro Property Group and Zhenro Group (and their associates), to provide (i) pre-delivery property management services for their residential property projects before the delivery of such properties to the property owners; and (ii) management and related services to their residential property projects and their display units, sales offices and community clubhouses as well as commercial properties operated or occupied by them and other properties held by the associate of Zhenro Group, in which Zhenro Group held 49.5% of its equity interest, for potential land reclamation. Despite the above, we believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after Listing. Our revenue generated from customers other than Zhenro Property Group and Zhenro Group (and

their associates), accounted for 54.3%, 61.7% and 61.9%, respectively, of our total revenue in each of the years ended December 31, 2017, 2018 and 2019. We have adopted and will continue to adopt measures to reduce our reliance on the properties developed by Zhenro Property Group, including acquiring or investing in property management companies to diversify our property management portfolio and community value-added services. See "Relationship with Controlling Shareholders — Our Business Relationship with Zhenro" and "Relationship with Controlling Shareholders — Independence from Our Controlling Shareholders" in this prospectus.

It is expected that our Group will continue to be engaged for provision of services to Zhenro after Listing. Details of such continuing connected transactions are set out in "Connected Transactions" in this prospectus.

PRE-IPO INVESTMENT

Sky Bridge, our pre-IPO investor, acquired 5% of the equity interest in Fujian Zhenro at a consideration of RMB2,524,380 on January 21, 2019, which was transferred to our Company in consideration of the issue of 5% of the then number of issued shares of our Company to Sky Bridge on November 7, 2019. See "History, Reorganization and Corporate Structure — Pre-IPO Investment" in this prospectus.

GLOBAL OFFERING STATISTICS[(1)]

	Based on an Offer Price of HK$3.60 per Offer Share	**Based on an Offer Price of HK$4.70 per Offer Share**
Market capitalization of our Shares[(2)]	HK$3,600 million	HK$4,700 million
Unaudited pro forma adjusted consolidated net tangible assets per Share[(3)]	HK$0.86	HK$1.13

Notes:

(1) All statistics in the table are based on the assumption that none of the Over-allotment Option and the options which may be granted under the Share Option Scheme is exercised.

(2) The calculation of market capitalization is based on 1,000,000,000 Shares expected to be in issue immediately upon completion of the Global Offering.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information".

DIVIDEND

We did not declare any dividend to our shareholders during the Track Record Period. Declaration of dividends is subject to the discretion of our Directors, depending on our results of operations, financial condition, cash requirements and availability and other factors which our Directors may consider relevant. There can be no assurance that we will be able to declare any dividend in the amount set out in any plan of the Board or at all. We currently do not have any dividend policy or intention to declare or pay any dividends in the near future. See "Financial Information — Dividends" in this prospectus for more information.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$971.5 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised, without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme and assuming an Offer Price of HK$4.15 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 55.0%, or approximately HK$534.4 million, will be used to pursue strategic acquisition and investment opportunities and further develop strategic partnerships to expand the depth and breadth of our geographic coverage and business scale, among which (i) approximately 27.5%, or HK$267.2 million, will be used to acquire other property management companies which meet our selection criteria; and (ii) approximately 27.5%, or HK$267.2 million, will be used to acquire property management companies with community products and services that are complementary to ours;

- approximately 20.0%, or approximately HK$194.3 million, will be used to further develop our information management systems;

- approximately 15.0%, or approximately HK$145.7 million, will be used to further develop our "Rong Wisdom" (榮智慧) Service Software to increase the efficiency in the provision of our new and existing property management services, improving our service coverage and quality and creating greater customer satisfaction; and

- approximately 10.0%, or approximately HK$97.1 million, will be used for general business operations and working capital.

See "Future Plans and Use of Proceeds" in this prospectus for more information.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Development of Our Property Management Services

As compared to our total contracted GFA of approximately 37.0 million sq.m. as of December 31, 2019, we had an aggregate contracted GFA of 41.9 million sq.m. as of the Latest Practicable Date, including Projects Developed by Zhenro Property Group with an aggregate contracted GFA of 22.8 million sq.m., Projects Solely Developed by Third-party Property Developers with an aggregate contracted GFA of 16.8 million sq.m. and Jointly Developed Projects with an aggregate GFA of 2.3 million sq.m. Among such aggregate contracted GFA as of the Latest Practicable Date, the aggregate GFA delivered for our management was 26.6 million sq.m., including Projects Developed by Zhenro Property Group with an aggregate GFA of 11.4 million sq.m., Projects Solely Developed by Third-party Property Developers with an aggregate GFA of 14.8 million sq.m and Jointly Developed Projects with an aggregate GFA of 0.4 million sq.m.. Our Directors confirm that the material terms of the new property management services awarded by both Zhenro Property Group and other third-party developer, since December 31, 2019 and up to the Latest Practicable Date, are comparable to those entered into during the Track Record Period.

Outbreak of COVID-19

An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was first reported in late 2019 and continues to spread across the PRC and globally. The new strain of coronavirus is considered highly contagious and may pose a serious public health threat. On January 23, 2020, the PRC government announced the lock-down of Wuhan city in an attempt to curb the spread of the virus. Since then, draconian measures including travel restrictions have been imposed in other major cities in the PRC, as well as other countries and territories, in an effort to contain the COVID-19 outbreak. The World Health Organization ("WHO") is closely monitoring and evaluating the situation. On January 30, 2020, the WHO declared the outbreak of COVID-19 a Public Health Emergency of International Concern (PHEIC). On March 11, 2020, the WHO further declared COVID-19 a pandemic. As of the Latest Practicable Date, the virus had spreaded across China and to over 210 countries and territories globally, and the death toll and number of infected cases continued to rise.

As of the Latest Practicable Date, certain of the measures, including the travel restrictions imposed on Wuhan, have been lifted by the PRC government. However, the outbreak is likely to have an adverse impact on the livelihood of the people in and the economy of the PRC, particularly Wuhan city and Hubei province. The property market in the PRC, particularly Wuhan city and Hubei province, may be adversely impacted due to, among others, delays in property constructions. The outlook of the property market, economy slowdown and/or negative business sentiment could potentially have an indirect impact on the property management market and our business operation and financial condition may be adversely affected. However, according to the CIA Report, the outbreak of COVID-19 is expected to bring limited impacts to China's property management industry in the long run due to the fact that (i) the size of the existing PRC property management market will unlikely be affected, as the current GFA under management and the property management fee rates will not be affected by the COVID-19 outbreak; and (ii) the property construction and sales activities have been delayed but have gradually resumed to normal operation.

Unlike other industries such as retail and manufacturing which may be subject to extensive or even complete suspension of operations for a period of time as a result of the COVID-19 outbreak, given the nature of our business operations, our Directors are of the view that the risks of our Group having to suspend our operations or terminate our provision of property management and value-added services to customers, experience material interruption to the services provided by our subcontractors and utility service providers and supplies of raw materials, and reduce our property management fees as a result of the COVID-19 outbreak are remote. In addition, our property management operations in Hubei province, which represented approximately nil, 0.6% and 0.5% of our total revenue in 2017, 2018 and 2019, respectively, are not material to our overall business operations. As of the Latest Practicable Date, we contracted eight projects in Hubei province with a total contracted GFA of approximately 1.5 million sq.m., two of which were delivered to us for management with a total GFA under our management of approximately 0.2 million sq.m., representing approximately 0.8% of our total GFA under our management. Our community value-added services were available to about 760 households units in Wuhan city, Hubei province as of the Latest Practicable Date. Based on the above, our Directors are of the view that no material adverse effect on our operations and financial performance is expected to result from the recent COVID-19 outbreak.

In the unlikely event that we are forced to reduce or suspend part of our business operations, whether due to government policy or any other reasons beyond our control, due to the COVID-19 outbreak, we estimate our existing financial resources (including cash and bank balances and amounts due from related parties to be repaid before Listing) as of December 31, 2019 could satisfy our necessary costs for over 12 months. We also estimate that, in the unlikely event mentioned above and based on the assumptions below except that there would be 10% of the proceeds from the Global Offering as allocated for general business operations and working capital, our Group will remain financially viable for over 36 months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the impact of COVID-19 include: (i) we will not generate any income due to the suspension of business; (ii) all of our staff, including operational and administrative staff, are encouraged to take unpaid leave under mutual consent or dismissed upon proper notice in accordance with the employment contract and no significant compensation is incurred; (iii) we may incur one-month staff cost to dismiss front line staff assuming no mutual consent to take unpaid leave is obtained from them; (iv) the rental related payments including rentals, management fees and other miscellaneous charges that are paid monthly; (v) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level (including basic head office maintenance cost, utilities expenses, fees to be incurred as a listed company such as annual listing fee, annual audit fee, financial reports and compliance adviser fee); (vi) the expansion plan is delayed under such condition; (vii) there will be no further internal or external financing from Shareholders or financial institutions; (viii) no further dividend will be declared and paid under such situation; and (ix) that there are no material changes in the near future that would significantly affect the aforementioned key assumptions.

The abovementioned extreme situation may or may not occur. The abovementioned analysis is for illustrative purpose only and our Directors currently assess that the likelihood of such situation is remote. The actual impact from the outbreak of COVID-19 will depend on its subsequent development; therefore, there is a possibility that such impact to our Group may be out of our Director's control and beyond our estimation and assessment.

To the best knowledge of our Directors after consulting Zhenro Property Group, with which we have long-term and cooperative relationship, we do not anticipate there will be any material delay in the delivery of the Projects Developed by Zhenro Property Group for our management as scheduled. See "Business — Effects of the COVID-19 outbreak — Effects of the COVID-19 Outbreak on Our Business Operations" in this prospectus for details. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not encountered any material disruption to our business operation, the services provided by our subcontractors and utilities service providers or the supply of materials from our suppliers. Based on the foregoing, we are of the view that the COVID-19 outbreak will not have a significant impact on our property management services as the outbreak will not materially and adversely affect our current GFA under management and the property management fees charged by us. In addition, we anticipate that there will be no significant fluctuations in our revenue generated from community value-added services as we generate the majority of our community value-added services revenue from providing living services (mainly including home-living services, car park management, lease assistance and value-added service in public area), which are services essential to property owners, residents or tenants at our managed properties. See "Business — Effects of the COVID-19 outbreak — Effects of the COVID-19 Outbreak on Our Business Operations" in this prospectus for details.

In response to the COVID-19 outbreak, we have implemented a contingency plan and have adopted enhanced hygiene and precautionary measures across our office premises and managed properties. See "Business — Effects of the COVID-19 outbreak — Our contingency plan and response towards the COVID-19 outbreak" in this prospectus for details. Our Directors are of the view that the additional costs associated with the enhanced measures, considering the medical and cleaning supplies distributed by local governments and relevant regulatory policies such as deduction of three-month payment of social insurance contributions, would have no significant impact on our Group's financial position for the year ending December 31, 2020.

Currently, it is one of our business strategies to expand our geographic presence and business to the four major regions. See "Business — Effects of the COVID-19 Outbreak — Effects of the COVID-19 Outbreak on Our Business Strategies" in this prospectus for details. We believe that our expansion plan as discussed in "Business — Business Strategies" in this prospectus is feasible, and it is unlikely that we would change the use of the proceeds from the Global Offering as a result of the COVID-19 outbreak.

After due and careful consideration, save for the aforesaid effects of the COVID-19 outbreaks, our Directors confirmed that, since December 31, 2019 and up to the date of this prospectus, there has been no material adverse change in our business operations, the business environment in which we operate, as well as our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects.

LISTING EXPENSES

The total amount of listing expenses that will be borne by us in connection with the Global Offering, including underwriting commissions, is estimated to be RMB60.4 million (based on the mid-point of the indicative Offer Price range, before the exercise of the Over-allotment Option), representing approximately 6.4% of the gross proceeds from the Global Offering (assuming an Offer Price of HK$4.15, being the mid point of the indicative Offer Price range and before the exercise of the Over-allotment Option), of which RMB31.0 million is expected to be accounted for as a deduction from equity upon completion of the Listing. The remaining fees and expenses of RMB29.4 million were or are expected to be charged to our profit or loss account, of which approximately RMB11.5 million was charged for 2019, and approximately RMB17.9 million is expected to be charged subsequent to the end of the Track Record Period and upon completion of the Listing. The professional fees and/or other expenses related to the preparation of Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors expect that our listing expenses will have a material adverse impact on our financial performance for the year ending December 31, 2020.

NON-COMPLIANCE MATTERS

During the Track Record Period, certain of our subsidiaries and branches failed to timely make full social insurance contributions, make required filings for, or set up, the housing provident fund accounts and/or timely make full housing provident fund contributions for certain of our eligible employees according to the relevant PRC regulations. See "Business — Legal Proceedings and Compliance — Compliance" for more information regarding the above non-compliance matter.

RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. These risks can be broadly categorized into: (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. Some of the risks generally associated with our business and industry include the following:

- our future growth may not materialize as planned;
- we cannot assure you that we can secure new or renew our existing property management service agreements on favorable terms, or at all;

- our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operations;

- a majority of our revenue is generated from Zhenro, which are our connected persons and we do not have control over;

- a significant portion of our operations is concentrated in the Yangtze River Delta Region, the Western Straits Region and the Midwest Region, and our business could be adversely affected in the event of any adverse development in government policies or business environment in these regions;

- we may experience fluctuations in our labor and subcontracting costs, and the increase in labor and subcontracting costs could harm our business and reduce our profitability; and

- we may recognize impairment losses for goodwill and other intangible assets recorded in connection with our acquisitions, which may reduce our assets and have an adverse impact on our financial position and results of operations.

These risks are not the only significant risks that may affect the value of our Shares. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific risks set forth in "Risk Factors" in this prospectus deciding whether to invest in our Shares.

In this prospectus, unless the context otherwise requires, the following words and expressions have the following meanings. Certain technical terms are explained in "Glossary" in this prospectus.

"Accountants' Report"	the accountants' report from the Reporting Accountants, the text of which is set out in Appendix I to this prospectus
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of them in relation to the Hong Kong Public Offering
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company conditionally adopted on June 15, 2020 which will come into effect upon Listing, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"Capitalization Issue"	the issue of 250,000,000 Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company as referred to in "Statutory and General Information – A. Further information about our Company – 4. Written resolutions of the Shareholders passed on June 15, 2020" in Appendix IV to this prospectus
"Cayman Islands Companies Law" or "Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

"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 Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Changsha Aitao"	Changsha Aitao Property Services Co., Ltd. (長沙市愛濤物業服務有限公司), a company established in the PRC with limited liability on March 6, 2018 and an indirect wholly-owned subsidiary of our Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, excluding Taiwan, the Macau Special Administrative Region and Hong Kong
"CIA"	China Index Academy, our industry consultant and an Independent Third Party
"CIA Report"	an independent market research report prepared by CIA, which was commissioned by our Company for the purpose of this prospectus
"Circular 37"	the Notice of the SAFE on Issues Concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-Tripping Investment Made by Domestic Residents through Special-Purpose Companies (《國家外匯管理局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》)

"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented and otherwise modified from time to time
"Company" or "our Company"	Zhenro Services Group Limited (正榮服務集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on December 17, 2018
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to Mr. ZR Ou, WeiZheng, WeiYao and WeiTian
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2, which is believed to have first emerged in late 2019
"Deed of Indemnity"	the deed of indemnity dated June 15, 2020 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in "Statutory and General Information – E. Other information – 1. Tax and other indemnities" in Appendix IV to this prospectus
"Deed of Non-competition"	the deed of non-competition dated June 15, 2020 and executed by our Controlling Shareholders in favor of our Company (for ourselves and as trustee for our subsidiaries), details of which are set out in "Relationship with Controlling Shareholders – Deed of Non-competition" in this prospectus

"Director(s)" or "our Directors"	the director(s) of our Company
"EIT"	the PRC enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"Fujian Zhenro"	Fujian Zhenro Property Services Co., Ltd. (福建正榮物業服務有限公司), a company established in the PRC with limited liability on March 8, 2013 and an indirect wholly-owned subsidiary of our Company
"Future Prosperity (BVI)"	Future Prosperity Holdings Limited, a company incorporated in the BVI with limited liability on January 22, 2018 and a direct wholly-owned subsidiary of our Company
"Future Prosperity (HK)"	Future Prosperity (HK) Limited, a company incorporated in Hong Kong with limited liability on February 20, 2018 and an indirect wholly-owned subsidiary of our Company
"Fuzhou Huihua"	Fuzhou Huihua Management Consulting Co., Ltd. (福州匯華企業管理諮詢有限公司), a company established in the PRC with limited liability on January 31, 2019 and an indirect wholly-owned subsidiary of our Company
"Fuzhou Zhenro"	Fuzhou Zhenro Property Management Co., Ltd. (福州正榮物業管理有限公司), a company established in the PRC with limited liability on September 17, 2010 and an indirect wholly-owned subsidiary of our Company
"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", "our", "we" or "us"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 25,000,000 Offer Shares initially being offered by our Company for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in "Structure and Conditions of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%) on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in "Structure and Conditions of the Global Offering" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering, whose names are set out in "Underwriting – Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 25, 2020 relating to the Hong Kong Public Offering and entered into by, among others, our Company, our Controlling Shareholders, the Joint Global Coordinators and the Hong Kong Underwriters, as further described in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement" in this prospectus
"Hubei Changfang Zhenro"	Hubei Changfang Zhenro Property Services Co., Ltd. (湖北長房正榮物業服務有限公司), a company established in the PRC with limited liability on July 30, 2018 and an indirect non-wholly owned subsidiary of our Company, which is owned as to 51% by Zhenro Property Services and 49% by Hubei Hongda Property Management Co., Ltd. (湖北宏達物業管理有限公司), an Independent Third Party (other than being a substantial shareholder of Hubei Changfang Zhenro)
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of our Company or our subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)
"International Offer Shares"	the 225,000,000 Offer Shares initially being offered by our Company for subscription at the Offer Price pursuant to the International Offering, together with, where relevant, any additional Shares to be issued pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in "Structure and Conditions of the Global Offering" in this prospectus
"International Offering"	the conditional offering of the International Offer Shares by the International Underwriters outside the United States in offshore transactions in reliance on Regulation S, as further described in "Structure and Conditions of the Global Offering" in this prospectus

"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, our Controlling Shareholders, the Joint Global Coordinators and the International Underwriters on or about the Price Determination Date, as further described in "Underwriting – Underwriting Arrangements and Expenses – International Offering" in this prospectus
"Jiangsu Aitao"	Jiangsu Aitao Property Management Co., Ltd. (江蘇愛濤物業管理有限公司), a company established in the PRC with limited liability on February 12, 2001 and an indirect wholly-owned subsidiary of our Company
"Jiangsu Sutie"	Jiangsu Sutie Property Management Co., Ltd. (江蘇省蘇鐵物業管理有限責任公司), a company established in the PRC with limited liability on January 4, 2001 and an indirect non-wholly owned subsidiary of our Company, which is owned as to 70% by Fujian Zhenro, 15% by Li Wende (黎文德) and 15% by Tang Weibing (唐偉兵), both Independent Third Parties (other than being substantial shareholders and directors of Jiangsu Sutie)
"Jiangxi Meishi"	Jiangxi Meishi Property Brokerage Co., Ltd. (江西美時房地產經紀有限公司), a company established in the PRC with limited liability on June 6, 2019 and an indirect wholly-owned subsidiary of our Company
"Joint Bookrunners"	CCB International Capital Limited, Zhenro Securities Co. Limited, Guotai Junan Securities (Hong Kong) Limited, BNP Paribas Securities (Asia) Limited, Haitong International Securities Company Limited, China Industrial Securities International Capital Limited, CRIC Securities Company Limited and Shenwan Hongyuan Securities (H.K.) Limited
"Joint Global Coordinators"	CCB International Capital Limited and Zhenro Securities Co. Limited

"Joint Lead Managers"	CCB International Capital Limited, Zhenro Securities Co. Limited, Guotai Junan Securities (Hong Kong) Limited, BNP Paribas Securities (Asia) Limited, Haitong International Securities Company Limited, China Industrial Securities International Capital Limited, CRIC Securities Company Limited, Shenwan Hongyuan Securities (H.K.) Limited, I Win Securities Limited and Futu Securities International (Hong Kong) Limited
"Jointly Developed Projects"	property projects jointly developed by Zhenro Property Group and other property developers for which Zhenro Property Group did not hold a controlling interest
"Latest Practicable Date"	June 20, 2020, being the latest practicable date for the purpose of ascertaining certain information 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 board of directors of the Stock Exchange
"Listing Date"	the date on which dealings in the Shares on the Main Board first commence
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"M&A Rules"	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》)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange

"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company, conditionally adopted on June 15, 2020 which will come into effect upon Listing, a summary of which is set out in Appendix III to this prospectus
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD" or "Ministry of Construction"	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) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)
"Mr. GQ Ou"	Mr. Ou Guoqiang (歐國強), a shareholder of our Company and son of Mr. ZR Ou
"Mr. ZR Ou"	Mr. Ou Zongrong (歐宗榮), one of our Controlling Shareholders and father of Mr. GQ Ou
"Nanjing Aitao"	Nanjing Aitao Fenghui Property Management Co., Ltd. (南京愛濤豐匯物業管理有限公司), a company established in the PRC with limited liability on April 22, 2003 and an associate of our Company, which is owned as to 52% by Nanjing Fenghui Property Development Co., Ltd. (南京豐匯房地產開發有限公司), an Independent Third Party, and 48% by Jiangsu Aitao
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%) at which the Offer Shares are to be subscribed pursuant to the Global Offering

"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares to be issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by the Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which the Company may be required to issue and allot up to an aggregate of 37,500,000 additional new Shares, representing 15% of the Offer Shares initially being offered under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, as described in "Structure and Conditions of the Global Offering" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
"PRC Legal Advisors"	Commerce & Finance Law Offices, the legal advisors to our Company as to PRC law in connection with the Global Offering
"Price Determination Date"	the date, expected to be on or around July 3, 2020 but in any event not later than July 8, 2020, on which the Offer Price will be determined by our Company and the Joint Global Coordinators (on behalf of the Underwriters) for the purposes of the Global Offering
"Principal Share Registrar"	Walkers Corporate Limited
"Project(s) Developed by Zhenro Property Group"	property projects solely developed by Zhenro Property Group and projects that Zhenro Property Group jointly developed with other property developers for which Zhenro Property Group held a controlling interest

"Project(s) Solely Developed by Third-party Property Developers"	property projects solely developed by third-party property developers independent from Zhenro Property Group and projects solely developed by an associate of Zhenro Group
"Province" or "province"	each being a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the PRC Government
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reorganization"	the reorganization of the Group in preparation of the Listing, details of which are set out in "History, Reorganization and Corporate Structure – Reorganization" in this prospectus
"Reporting Accountants"	Ernst & Young, the reporting accountants of our Company
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局), which was consolidated into the SAMR in March 2018, including, as the context may require, its local counterparts
"SAMR"	the State Administration for Market Regulation of the PRC （中國國家市場監督管理總局）
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SCNPC"	the Standing Committee of the NPC
"Securities and Futures Commission" or "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, supplemented or otherwise modified from time to time
"Share Option Scheme"	the share option scheme conditionally approved and adopted by our Company on June 15, 2020, the principal terms of which are summarized in "Statutory and General Information – D. Share Option Scheme" in Appendix IV in this prospectus
"Share(s)"	ordinary share(s) with nominal value of US$0.002 each in the share capital of our Company, which are to be traded in Hong Kong dollars and listed on the Main Board
"Shareholder(s)"	holder(s) of the Share(s)
"Sky Bridge"	Sky Bridge Limited, a company incorporated in the BVI with limited liability on August 16, 2017, whose background is set out in "History, Reorganization and Corporate Structure – Pre-IPO Investment – Information regarding Pre-IPO Investor" in this prospectus
"Sole Sponsor"	CCB International Capital Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between WeiZheng and the Stabilizing Manager on or about the Price Determination Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Suzhou Keli"	Suzhou Keli Property Brokerage Co., Ltd. (蘇州可立房產經紀有限公司), a company established in the PRC with limited liability on July 10, 2019 and an indirect wholly-owned subsidiary of our Company

"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the three years ended December 31, 2019
"U.S. Government"	the federal government of the United States, including its executive, legislative and judicial branches
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States", "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$", "USD" or "$"	U.S. dollars, the lawful currency of the United States
"VAT"	the PRC value-added tax
"WeiQiang"	WeiQiang Holdings Limited (偉強控股有限公司), a company incorporated in the BVI with limited liability on December 13, 2018, which is wholly-owned by Mr. GQ Ou and a shareholder of our Company
"WeiTian"	WeiTian Holdings Limited (偉天控股有限公司), a company incorporated in the BVI with limited liability on December 13, 2018, which is wholly-owned by Mr. ZR Ou and is one of our Controlling Shareholders
"WeiYao"	WeiYao Holdings Limited (偉耀控股有限公司), a company incorporated in the BVI with limited liability on December 13, 2018, which is wholly-owned by Mr. ZR Ou and is one of our Controlling Shareholders

"WeiZheng"	WeiZheng Holdings Limited (偉正控股有限公司), a company incorporated in the BVI with limited liability on December 13, 2018, which is wholly-owned by Mr. ZR Ou and is one of our Controlling Shareholders
"**WHITE** Application Form(s)"	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's own name(s)
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO Service Provider**"	Computershare Hong Kong Investor Services limited
"Xiamen Zhenro"	Xiamen Zhenro Property Management Co., Ltd (廈門正榮物業管理有限公司), a company established in the PRC with limited liability on June 17, 2020 and an indirect wholly-owned subsidiary of our Company
"**YELLOW** Application Form(s)"	the application form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Shares to be deposited directly into CCASS
"Yichun Shouweida"	Yichun Shouweida Engineering Services Co., Ltd. (宜春市首維達工程服務有限公司), a company established in the PRC with limited liability on January 15, 2015 and an indirect wholly-owned subsidiary of our Company
"Zhenro"	Zhenro Group and Zhenro Property Group
"Zhenro Group"	Zhenro Group Company and its subsidiaries but excluding our Group and Zhenro Property Group
"Zhenro Group Company"	Zhenro Group Co., Ltd. (正榮集團有限公司) (formerly known as Fujian Zhenro Group Co., Ltd. (福建正榮集團有限公司)), a company established in the PRC with limited liability on August 31, 1994 and is owned as to 91.9% by Mr. ZR Ou and 8.1% by Mr. GQ Ou

"Zhenro Properties"	Zhenro Properties Group Limited (正榮地產集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on July 21, 2014, whose shares are listed on the Stock Exchange (stock code: 6158), and which is indirectly owned as to approximately 54.60% by Mr. ZR Ou, 4.97% by Mr. GQ Ou and 0.11% by Mr. Huang Xianzhi (the chairman of our Board and our non-executive Director)
"Zhenro Property Group"	Zhenro Properties and its subsidiaries
"Zhenro Property Management"	Zhenro Property Management Services Co., Ltd. (正榮物業管理服務有限公司), a company established in the PRC with limited liability on April 24, 2019 and an indirect wholly-owned subsidiary of our Company
"Zhenro Property Services"	Zhenro Property Services Co., Ltd. (正榮物業服務有限公司) (formerly known as Jiangxi Zhenro Property Management Co., Ltd. (江西正榮物業管理有限公司)), a company established in the PRC with limited liability on February 2, 2000 and an indirect wholly-owned subsidiary of our Company
"Zhenro Services (BVI)"	Zhenro Services China Limited (正榮服務中國有限公司), a company incorporated in the BVI with limited liability on December 19, 2018 and a direct wholly-owned subsidiary of our Company
"Zhenro Services (HK)"	Zhenro Services Hong Kong Limited (正榮服務香港有限公司), a company incorporated in Hong Kong with limited liability on December 24, 2018 and an indirect wholly-owned subsidiary of our Company
"%"	percent

This glossary of technical terms used in this prospectus in connection with us and our business. Some of these terms and their meanings may not correspond to standard industry meanings or usage of such terms.

"average property management fee(s)"	calculated as the tax inclusive revenue from property management services during a specific period, divided by the total GFA under management during the same period and adjusted by (a) the average proportion of our GFA under management to revenue-bearing GFA during the Track Record Period, and (b) the actual number of months under management for each property
"Bohai Rim Region"	an economic region in China encompassing Beijing, Tianjin, Hebei province, Shandong province, Liaoning province, Henan province and parts of Jiangsu province, including but not limited to Tianjin, Jinan, Luoyang and Zhengzhou, for the purpose of this prospectus
"CAGR"	compound annual growth rate
"commercial property(ies)"	for purposes of this prospectus, property(ies) designated for commercial use
"commission basis"	a revenue-generating modal whereby we collect a percentage of the total amount of property management fees that our customers pay on a monthly basis
"communal/common area(s)"	shared areas in residential properties such as lobbies, hallways, stairways, car parks, elevators and gardens, among others
"contracted GFA"	GFA managed or to be managed by our Group under our operating property management service agreements, including both GFA under management and undelivered GFA
"first-tier cities"	as of the Latest Practicable Date, included Beijing, Shanghai, Guangzhou and Shenzhen in the PRC, according to the National Bureau of Statistics of the PRC
"GDP"	gross domestic product
"GFA"	gross floor area

"GFA under management"	GFA of properties that have been delivered by property developers to us for management under the agreements, for which we can collect property management fees in relation to contractual obligations to provide our services
"lump sum basis"	a revenue-generating model for our property management business line whereby we charge a pre-determined property management fee per sq.m. for all units (whether sold or unsold) on a monthly basis which represents the "all-inclusive" fees for all of the property management services provided by our employees and subcontractors. Property developers, property owners and residents will be responsible for paying our property management fees for the sold and unsold units respectively on a monthly basis
"Midwest Region"	an economic region in China encompassing all of the provinces located in central and western parts of China, including but not limited to Chongqing, Jiangxi, Hunan, Hubei and Shaanxi
"PBOC Benchmark Rate"	the exchange rate for foreign exchange transactions set daily by the PBOC based on the previous day's PRC inter-bank foreign exchange rates and with reference to prevailing exchange rates on the world financial markets
"residential communities" or "residential properties"	properties which are purely residential or mixed-use properties containing residential units and ancillary facilities that are non-residential in nature such as commercial or office units but excluding pure commercial properties
"renewal rate"	$\text{renewal rate} = \frac{A + B + C}{A + B + C + D}$ A = the number of newly engaged contracts during the relevant period

	B =	the number of contracts renewed upon expiry during the relevant period
	C =	the number of contracts to which we continue to provide property management services upon expiry without entering into a renewal contract during the relevant period
	D =	the number of projects we ceased to provide property management services during the relevant period
"revenue-bearing GFA"		the portion of our GFA under management for which we charge property management fees, which equals our GFA under management excluding the GFA of common areas, such as public facilities, visitor parking lots and swimming pools
"Rong Wisdom" (榮智慧) Service Software		an internal and integrated service software used by the Group
"second-tier cities"		as of the Latest Practicable Date, included 31 major cities, other than first-tier cities in the PRC, as categorized by the National Bureau of Statistics of the PRC, including provincial capitals, administrative capitals of autonomous regions, direct-controlled municipalities and other major cities designated as "municipalities with independent planning" by the State Council of the PRC
"sq.m."		square meter(s)
"third- and fourth-tier cities"		as of the Latest Practicable Date, included a number of small- to medium-sized prefecture-level and above cities, other than first-tier cities and second-tier cities in the PRC, such as Tangshan, Yangzhou, Xiangyang and Guilin

"Top 100 Property Management Companies"	an annual ranking of China-based property management companies by overall strength published by CIA solely or jointly with other institution(s) based on a number of key indicators, including management scale, operational performance, service quality, growth potential and social responsibility of such companies in the preceding year, which comprised 100, 100, 210, 200, 200, 220 and 244 companies respectively, for rankings published in 2014, 2015, 2016, 2017, 2018, 2019 and 2020, respectively. The number of companies for each of 2016, 2017, 2018, 2019 and 2020 exceeded 100 as multiple companies with the same or very close scores were assigned the same ranking
"Western Straits Region"	an economic region in China primarily encompassing Fujian province, parts of Zhejiang province, Jiangxi province and Guangdong province, including but not limited to Fuzhou, Wenzhou, Putian, Pingtan, Nanping, Quanzhou, Sanming, Zhangzhou, for the purpose of this prospectus
"Yangtze River Delta Region"	an economic region in China encompassing Shanghai, parts of Zhejiang province and parts of Jiangsu province, including but not limited to Nanjing, Suzhou, Jiaxing, Taizhou, Chuzhou, Lu'an, Nantong and Wuhu, for the purpose of this prospectus

This prospectus contains certain forward-looking statements and information relating to the Company and its subsidiaries 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," "forecast," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;
- our ability to identify and integrate suitable acquisition targets;
- general economic, political and business conditions in the markets in which we operate;
- the effects of the global financial markets and economic crisis;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- our ability to control or reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors;

- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices in the industry and markets in which we operate;

- certain statements in sections headed "Business" and "Financial Information" in this prospectus with respect to trends in prices, volumes, operations and margins, overall market trends, risk management and exchange rates; and

- other statements in this prospectus that are not historical facts.

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

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

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no 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 in this prospectus are qualified by reference to the cautionary statements in this section.

Potential investors should carefully consider each of the risks described below and all of the other information contained in this prospectus, including the Accountants' Report included in Appendix I, before deciding to invest in the Offer Shares. Our business, financial condition, results of operations or prospects may be materially and adversely affected by any of these risks. You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands and that our principal operations are conducted in China and are governed by in a legal and regulatory environment that in some respects differ significantly from that of other countries. The trading price of the Offer Shares could decline due to any of these risks, as well as additional risks and uncertainties not presently known to us, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our future growth may not materialize as planned.

We have been seeking to expand our existing business through scaling and organic growth as well as acquisitions of other property management companies to expand our project portfolio and obtain larger market shares. As of December 31, 2017, 2018 and 2019, the projects we were contracted to manage had an aggregate GFA of 9.4 million sq.m., 12.6 million sq.m. and 37.0 million sq.m., respectively, covering 34 cities across four major regions in China, namely, the Yangtze River Delta Region, the Western Straits Region, the Midwest Region and the Bohai Rim Region. See "Business — Property Management Services" in this prospectus for further details. However, we base our expansion plans on our assessment of market prospects, thus we cannot assure you that our assessment will prove to be correct or that our business will grow as planned. Our expansion plans may be affected by a number of factors, most of which are beyond our control. Such factors include but are not limited to:

- changes in China's economic conditions in general and the real estate market and property management industry in particular;
- changes in disposable personal income in the PRC;
- changes in government policies and regulations;
- changes in the supply of and demand for property management services, value-added services to non-property owners, community value-added services and other services;
- our ability to generate sufficient liquidity internally and obtain external financing;
- our ability to recruit and train competent employees;

- our ability to select and work with suitable and reliable subcontractors and suppliers;

- our ability to understand the needs of property owners and residents in the properties where we provide property management services, value-added services to non-property owners, community value-added services and other services;

- our ability to adapt to new markets where we have no prior experience and in particular, whether we can adapt to the administrative, regulatory, cultural and tax environments in such markets;

- our ability to leverage our brand name and to compete successfully in new markets, particularly against the incumbent players in such markets who might have more resources and experience than us; and

- our ability to improve our administrative, technical, operational and financial infrastructure.

Subject to uncertainties and risks which are mostly beyond our control, we cannot assure you that our future growth will materialize or that we will be able to manage our future growth effectively. Our business, financial condition, results of operations and growth prospects could be materially and adversely affected if our future plans fail to achieve positive results.

We cannot assure you that we can secure new or renew our existing property management service agreements on favorable terms, or at all.

We believe that our ability to expand our portfolio of property management service agreements is key to the sustainable growth of our business. During the Track Record Period, we generally obtained new property management service agreements by participating in tenders. The selection of a property management company depends on a number of factors, including but not limited to, service quality, pricing level and operational history of the property management company. We cannot assure you that we will be able to procure new property management service agreements on favorable terms, or at all. Our efforts may be hindered by factors beyond our control, which may include, among others, changes in general economic conditions, evolving government regulations as well as supply and demand dynamics within the property management industry.

During the Track Record Period, we entered into preliminary management service agreements with property developers during later stages of property development. In 2017, 2018 and 2019, our overall bidding success rate was 54.3%, 71.7% and 42.4%, respectively, and we cannot assure you that we can maintain the high bidding success rate in the future. Such agreements are transitional in nature and facilitate the transfer of legal and actual control of the properties from property developers to property owners. As of December 31, 2019, 40.6% of total GFA under our management and 49.1% of our total GFA contracted but not delivered did not have a fixed term which will typically expire when property owners' associations are

established and new property management service agreements are entered into. See "Business — Property Management Services — Property Management Service Agreements — Key Terms of Dealing with Property Developers" in this prospectus for more details. To continue managing the property, we would have to enter into a new property management service agreements with the property owners' associations. There is no guarantee that property owners' associations will enter into a new property management service agreements with us instead of our competitors. We may therefore bear the risk of termination of rendering services of the existing projects as a result of the set-up of property owners' associations. Our customers select us based on parameters such as quality and cost, and we cannot assure you that we will always be able to balance them on favorable terms for both sides.

Even where we succeed in entering into property management service agreements with property owners' associations, we cannot guarantee that they will be renewed upon expiration. It is also possible that they may be terminated for cause. In such cases, we would no longer be able to provide community value-added services to residential communities who have terminated our engagements, in addition to our property management services. In 2017, 2018 and 2019, our renewal rate for property management service agreements was 100.0%, 88.5% and 88.3%, respectively. In 2017, 2018 and 2019, our renewal rate for property management service agreements of residential properties was 100.0%, 97.9% and 98.0%, respectively, and our renewal rate for property management service agreements of non-residential properties was 100.0%, 73.3% and 81.7%, respectively. There is no guarantee that we would be able to find other business opportunities and enter into alternative property management service agreements on favorable terms, or at all. Moreover, as both termination and non-renewal may be detrimental to our reputation, we may experience material adverse effects to our brand value. We believe that our brand value is essential to our ability to procure new property management service agreements. Failure to cultivate our brand value may diminish our competitiveness within the industry and lead to an adverse effect on our growth prospects and results of operations.

Our future acquisitions may not be successful and we may face difficulties in integrating acquired operations with our existing operation.

We have, to a certain extent, expanded our business through acquisitions during the Track Record Period, and plan to continue to evaluate opportunities to acquire other property management companies and/or other businesses and integrate their operations into our business to further expand our business scale and service and geographical coverage. However, there can be no assurance that we will be able to identify suitable opportunities. Even if we manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects.

In addition, acquisitions and integration of acquired operations with our existing operation involve uncertainties and risks, including, without limitation:

- potential ongoing financial obligations and unforeseen or hidden liabilities;
- inability to apply our business model or standardized operational processes on the acquisition targets;
- difficulties in integrating acquired operations with our existing business;
- failure to achieve the intended objectives, benefits or revenue-enhancing opportunities;
- failure to protect and maintain the acquired rights relating to brand names and/or other material intellectual property rights; and
- diversion of resources and management attention.

Approximately 55.0%, or HK$534.4 million, of the proceeds raised from the Global Offering will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships. See "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus for more details. If we fail to identify suitable acquisition opportunities or our future acquisition transactions fail to consummate for other reasons which may be beyond our control, our proceeds from the Global Offering may not be effectively used.

A majority of our revenue is generated from Zhenro, which are our connected persons and we do not have control over.

During the Track Record Period, a majority portion of our revenue was generated from Zhenro, which was substantially derived from property management service provided to Projects Developed by Zhenro Property Group and value-added services to Zhenro Property Group. During the Track Record Period, our revenue from provision of property management services to the Projects Developed by Zhenro Property Group accounted for approximately 88.2%, 69.6% and 66.4%, respectively, of our total revenue for the same periods, representing 77.1%, 74.5% and 47.7% of our total GFA under management, respectively. In 2017, 2018 and 2019, our bidding success rate with respect to Project Developed by Zhenro Property Group was 100% through a tender regulated by PRC laws and regulations. There is no assurance that we will be able to maintain the high bidding success rate in the future.

In aggregate with the revenue generated from Zhenro Group, our revenue from Zhenro, which is our top customer during the Track Record Period, amounted to RMB91.5 million, RMB128.6 million and RMB169.6 million, respectively, in 2017, 2018 and 2019, accounting for 33.5%, 28.2% and 23.7% of our total revenue in the same periods, respectively. However, we do not have control over the management strategy of either Zhenro Property Group or Zhenro Group, nor the macroeconomic or other factors that affect their business operations and

financial positions. Any adverse development in the business or financial positions of Zhenro Property Group, Zhenro Group or their respective ability to develop and maintain properties may materially and adversely affect our ability to procure new property management services. In addition, the service contracts with Zhenro Property Group and Zhenro Group are subject to expiration and may not be renewed successfully. We may not be able to successfully win the contracts from Zhenro Property Group during tender or bidding processes. We may also fail to diversify our customer base. As a result, we cannot assure you that we will be able to procure service agreements from alternative sources to make up the shortfall in a timely manner or on favorable terms, or at all, which could materially and adversely affect our business, financial conditions and results of operations.

A significant portion of our operations is concentrated in the Yangtze River Delta Region, the Western Straits Region and the Midwest Region, and our business could be adversely affected in the event of any adverse development in government policies or business environment in these regions.

We focus on cities with high population densities in economically developed regions, and the majority of our operations are concentrated in the Yangtze River Delta Region, the Western Straits Region and the Midwest Region. As of December 31, 2017, 2018 and 2019, we managed an aggregate GFA of approximately 9.1 million sq.m., 12.3 million sq.m. and 22.2 million sq.m., respectively, of properties in the Yangtze River Delta Region, the Western Straits Region and the Midwest Region, which accounted for approximately 96.7%, 97.5% and 96.9%, respectively, of our total GFA under our management as of such dates. Our revenue generated from property management services in the Yangtze River Delta Region, the Western Straits Region and the Midwest Region accounted for approximately 97.0%, 96.6% and 97.1% of our total revenue in 2017, 2018 and 2019, respectively. Given such concentration, any material adverse social, economic or political development in or any natural disaster or epidemic affecting the Yangtze River Delta Region, the Western Straits Region and the Midwest Region will materially and adversely affect our business, financial position and results of operations.

We may face fluctuations in our labor and subcontracting costs, and the increase in labor and subcontracting costs could harm our business and reduce our profitability.

The property management industry in the PRC is labor intensive. For the years ended December 31, 2017, 2018 and 2019, our labor costs accounted for 72.8%, 66.4% and 59.0% of our total cost of sales, respectively. We delegate certain services such as security services, cleaning services, landscaping services and repairs and maintenance services to independent third-party subcontractors. During the same periods, our subcontracting costs represented 13.7%, 16.4% and 22.9% of our total cost of sales, respectively. Since our labor and subcontracting costs together accounted for a significant portion of our cost of sales, we believe that controlling and reducing our labor and subcontracting costs is crucial for us to maintain and improve our profit margins as well as other operating costs.

We face pressure from rising labor and subcontracting costs due to various factors, including but not limited to:

- *increases in minimum wages*. The minimum wage in the regions where we operate has generally increased in recent years, which has a direct impact on our labor costs as well as the fees we pay to our third-party subcontractors.

- *increases in headcount*. As we expand our operations, the headcount of our property management staff, sales and marketing staff and administrative staff may increase. We may also need to retain and continuously recruit qualified employees to meet our growing demand for talent, which might further increase our total headcount. Any increases in headcount would also increase our costs in relation to, among others, recruiting, salaries, employee benefits, training, social insurance and housing provident fund contributions.

- *delay in implementing technological solutions, procedure standardization and operation automation as well as other measures to reduce our reliance on manual labor and cost of sales*. There is usually a lapse in time between our commencement of property management services for a particular property and any implementation of our technological solutions, management digitalization, service professionalization, procedure standardization and operation automation measures to that property to reduce our reliance on manual labor and cost of services. Before we carry out such measures and upgrades, our ability to mitigate the impact of labor cost increase is limited.

We cannot assure you that we will be able to control our costs or improve our efficiency. Any failure in effectively controlling our costs may have a material and adverse impact on our business, financial position and results of operations.

We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis.

During the Track Record Period, we primarily generated revenue from our property management services under the lump-sum fee model, which accounted for approximately 99.8%, 99.7% and 99.7% of our total revenue generated from property management services in 2017, 2018 and 2019, respectively. On a lump sum basis, we charge property management fees at a monthly pre-determined fixed lump sum price per sq.m., representing "all-inclusive" fees for the property management services provided. These management fees do not necessarily correspond with the actual amount of property management costs we incur. The amount we recognize as revenue is the full amount of property management fees we charge to the property owners or property developers, and the amount we recognize as our cost of sales is the actual costs we incur in connection with rendering our services. See "Business — Property Management Services — Property Management Fees — Property Management Fees Charged on a Lump Sum Basis" and "Financial Information — Significant Accounting Policies, Judgments and Estimates — Significant Accounting Policies — Revenue recognition" in this prospectus for more information on our fee model and relevant accounting policy.

In the event that we fail to accurately anticipate our actual costs prior to negotiating and entering into our property management service agreements, and our fees are insufficient to sustain our profit margins, we would not be entitled to collect additional amounts from our customers. We also cannot guarantee that we will be able to adequately control our costs in the course of providing our property management services. Any losses we incur may materially and adversely affect our results of operations.

If we are unable to raise property management fee rates and there is a shortfall of working capital after deducting the property management costs, we would cut costs to reduce the shortfall. However, our ability to mitigate against such losses through cost-saving initiatives, such as automation measures aimed at reducing labor costs and energy-saving measures aimed at reducing energy costs, may not be successful, and our cost-saving efforts may adversely affect the quality of our property management services, which in turn would further reduce the owners' willingness to pay us higher property management fees. Such events could adversely impact our reputation, profitability, results of operations and financial position.

We are exposed to risks associated with independent third-party subcontractors to perform certain services to our customers.

We delegate property management services, such as security services, cleaning services, landscaping services, repair and maintenance services, to independent third-party subcontractors. For the years ended December 31, 2017, 2018 and 2019, our subcontracting costs amounted to approximately RMB27.8 million, RMB55.1 million and RMB107.9 million, respectively, representing approximately 13.7%, 16.4%, and 22.9% of our total cost of sales for the same periods, respectively. We select our third-party subcontractors based on factors such as their qualifications, industry reputation, credit, service quality and price competitiveness. We also impose internal quality control measures on our subcontractors such as routine internal examination, independent third-party assessment and customer feedback assessment. See "Business — Quality Control — Quality Control of Subcontractors" in this prospectus for further details. However, we cannot assure you that they will always perform in accordance with our expectations. They may act in ways contrary to our or our customers' instructions, their contractual obligations and our quality standards and operational procedures. We may also fail to monitor their performance as directly and effectively as with our own employees. As a result, we are subject to risks associated with being responsible for any sub-standard performance by our third-party subcontractors, including but not limited to litigation, reputational damage, disruptions to our business, termination or non-renewal of our service agreements and monetary claims from our customers. We may also incur extra costs in order to monitor or replace third-party subcontractors which do not perform in accordance with our expectations, or mitigate or compensate damages incurred by such third-party subcontractors.

In addition, we may be unable to renew our existing subcontracting contracts upon expiration, or fail to seek suitable replacement in a timely manner, or on favorable terms, or at all. We also do not have control over our subcontractors to maintain qualified, experienced and sizable teams, or renew their qualifications. In any event that our independent third-party subcontractors fail to perform their contractual obligations properly and in a timely manner,

our work process could be interrupted which could potentially result in a breach of contract between our customers and us. Any of such events could materially and adversely affect our service quality, reputation and performance, as well as our business, financial condition and results of operations.

We are exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct (accidental or otherwise) committed by our employees, subcontractors or third parties.

We have established risk management and internal control systems consisting of policies and procedures that we believe will contribute to the continued success of our business. See "Business — Internal Control and Risk Management" in this prospectus for more details. However, we cannot guarantee that they will always enable us to detect, prevent and take remedial measures in relation to fraud, negligence or other misconduct (accidental or otherwise) committed by our employees, subcontractors or third parties in a timely and effective manner. Examples of such behavior include crimes such as theft, vandalism and bribery during tenders.

Although we have limited control over the behavior of any of these parties, we may be viewed as at least partially responsible for their conduct on contractual or tortious grounds. We may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our customers or third parties. To the extent that we cannot recover related costs from the employees, subcontractors or third parties involved, we may experience material adverse effects on our business, financial position and results of operations. We may also attract negative publicity and incur damages to our reputation and brand value.

We may recognize impairment losses for goodwill recorded in connection with our acquisitions.

In connection with our acquisition of Jiangsu Aitao, we recorded a goodwill of RMB19.5 million as of December 31, 2017, which accounted for 2.7% of our total assets as of December 31, 2017. This reflects the difference between the total cash consideration of RMB20.0 million paid for Jiangsu Aitao and its total fair value of identifiable net assets of RMB0.5 million. In connection with our acquisition of 70% of the equity interests of Jiangsu Sutie, we recorded a goodwill of RMB40.0 million as of December 31, 2019, which accounted for 7.6% of our total assets as of December 31, 2019. This reflects the difference between the total cash consideration of RMB70.0 million paid for Jiangsu Sutie, its total fair value of identifiable net assets of RMB42.8 million and the non-controlling interests of RMB12.8 million.

We generally test goodwill for impairment annually. Impairment losses are recognized when the carrying amount of an asset exceeds its estimated recoverable amount. In making impairment assessments, estimated future cash flows are discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset. Changes in the assumptions made with respect to estimated future cash flows or pre-tax discount rates may lower the estimated recoverable amount of an

asset in comparison to its carrying amount. For more information, see "Financial Information — Significant Accounting Policies, Judgment and Estimates — Significant Accounting Policies — Goodwill" in this prospectus for more details. However, our ability to generate cash flow from our acquired assets will depend on our ability to realize the intended objectives, potential benefits or other revenue-enhancing opportunities that motivated our acquisitions, such as the acquisitions of Jiangsu Aitao and Jiangsu Sutie, as well as our ability to effectively integrate their business operations with our own. In the event that we are unsuccessful in achieving the aforementioned, we may have to record impairment losses to our goodwill. This may in turn result in an adverse effect on our financial position and results of operations.

Our other intangible assets (other than goodwill) may be subject to impairment losses.

As of December 31, 2017, 2018 and 2019, we recognized other intangible assets of RMB11.4 million, RMB11.2 million and RMB33.0 million, respectively, which were mainly related to our acquisition of Jiangsu Aitao and Jiangsu Sutie. Our other intangible assets were primarily made up of customer relationships of approximately RMB11.7 million from the acquisition of Jiangsu Aitao in 2017 and customer relationship of approximately RMB24.2 million from the acquisition of Jiangsu Sutie in 2019. See "Financial Information — Description of Selected Items of Consolidated Statements of Financial Positions — Other Intangible Assets" in this prospectus for more details. In the future, impairment assessment will be undertaken on an annual basis for other intangible assets (other than goodwill) whenever there are changes in circumstances to indicate a potential impairment. See "Financial Information — Significant Accounting Policies, Judgements and Estimates — Significant Accounting Policies — Other intangible assets (other than goodwill)" in this prospectus for more details on the accounting treatment. If we fail to achieve our desired objectives with respect to our acquisitions or if any circumstances arise that decreases the expected cash flows from acquired assets, the fair value can be lower than the carrying amount on our consolidated financial statements. Under such circumstances, we may need to record impairment losses on our other intangible assets (other than goodwill) in our consolidated financial statements, which may materially and adversely reduce our assets and impact our profitability that would, in turn, have an adverse effect on our financial position and results of operations.

Our financial condition and results of operations may be materially impacted by gains or losses arising from changes in the fair value of our investment properties.

We reassess the fair value of any investment properties that we hold. After initial recognition, investment properties are carried at fair value, representing market value determined at each reporting date by external valuers. Fair value is based on active market prices and adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. According, the valuation techniques adopted by the external valuers involve uncertainties relating to the use of unobservable inputs. Our investment properties were valued by an independent and qualified property valuer. Based on its valuation, we recognized the aggregate fair value of our investment properties in our consolidated statements of financial position in the amount of nil, nil and RMB21.5 million as of December 31, 2017, 2018 and 2019, respectively, We recorded fair value gains on our investment properties in the amount of nil, nil and RMB0.7 million in 2017, 2018 and 2019, respectively. See Note 15 to the Accountants' Report included in Appendix I to this prospectus for more details.

Gains and losses arising from changes in the fair value of any such investment properties will affect our results of operations in the periods in which they arise and the impact may be material. We cannot assure you that we can recognize comparable fair value gains on investment properties in the future, and we may recognize fair value losses, which would adversely affect our results of operations for future periods. Fair value gains on investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. Nevertheless, fair value losses on investment properties would have a negative impact on our results of operations, even though such losses would not change our cash position as long as the properties are held by us.

We may not be able to collect property management fees from property owners and property developers which could incur impairment losses on our trade receivables.

We may encounter difficulties in collecting property management fees from property owners especially in communities with relatively high vacancy rate. We cannot assure you that our collection measures will be effective or enable us to accurately predict our future collection rate. As of December 31, 2019, our outstanding trade receivables amounted to approximately RMB88.3 million. In 2017, 2018 and 2019, our turnover days of trade receivables from third parties remained relatively stable at 56 days, 56 days and 59 days, respectively, and our turnover days of trade receivables from related parties were 20 days, 48 days and 58 days, respectively. During the same periods, our collection rate of property management fees, calculated by dividing the property management fees we actually received during a period by the total property management fees payable to us accumulated during the same period, was 91.6%, 92.0% and 92.1%, respectively. See "Financial Information — Description of Selected Items of Consolidated Statements of Financial Position — Trade Receivables" in this prospectus for more details. Even though we seek to collect overdue property management fees through a number of collection measures, we cannot assure you that such measures will be effective or enable us to accurately predict our future collection rate.

As of December 31, 2017, 2018 and 2019, our allowance for impairment of trade receivables amounted to RMB2.9 million, RMB5.0 million and RMB9.2 million, respectively. Although our management's estimates and the related assumptions have been made in accordance with information available to us, such estimates or assumptions are subject to further adjustment if new information becomes known. See "Financial Information — Description of Selected Items of Consolidated Statements of Financial Position — Trade Receivables" in this prospectus for further details. In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of trade receivables becomes insufficient in light of any new information, we may need to provide for an additional allowance for impairment of trade receivables, which may adversely affect our cash flow position and our ability to meet our working capital requirements, and therefore materially and adversely affect our business, financial position and results of operations.

Our profitability may be negatively affected in the future as we increase the proportion of property management services provided to Projects Solely Developed by Third-party Property Developers to the property management services provided to our total projects under management.

Our average property management fee charged for property management services provided to Projects Developed by Zhenro Property Group and Jointly Developed Projects was RMB2.47 per sq.m./month and RMB2.38 per sq.m./month, respectively, in 2019, which were higher than that of the property management services provided to Projects Solely Developed by Third-party Property Developers, which was RMB1.72 per sq.m./month, in the same year. Our gross profit margin from property management services provided to Projects Developed by Zhenro Property Group and Jointly Developed Projects was generally slightly higher than that of property management services provided to Projects Solely Developed by Third-party Property Developers during the Track Record Period. See "Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin — Property management services" in this prospectus for more details. There is no guarantee that the average property management fee charged by us for property management services provided for Projects Solely Developed by Third-party Property Developers or our gross profit margin from property management services provided to Projects Solely Developed by Third-party Property Developers will increase in the future.

As we expand our business operations and further grow and diversify our customer base by, among others, deepening our existing business relationships or establishing new business relationships with independent third-party property developers, we may become less reliant on revenue generated from property management services provided to Zhenro Property Group and Jointly Developed Projects and, accordingly, leads to an increase in the proportion of property management services provided to Projects Solely Developed by Third-party Property Developers to our total property management services. If we cannot maintain or increase the property management fees charged for and/or gross profit margin from property management services provided to Projects Solely Developed by Third-party Property Developers, then our total gross profit margin may decrease. This may materially and adversely affect our financial conditions 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 may continue experiencing such seasonal fluctuations going forward. Our collection rate with respect to property management fees was 91.6%, 92.0% and 92.1% in 2017, 2018 and 2019, respectively. In general, our trade receivable amounts may increase throughout the year and decrease toward the end of the year when property owners and residents clear their outstanding property management fee balances. As of December 31, 2019, we had RMB88.3 million in trade receivable amounts as compared to RMB54.0 million as of December 31, 2018. See "Financial Information — Description of Selected Items of Consolidated Statements of Financial Position — Trade Receivables" and "Financial Information — Related Party Transactions — Balances with Related Parties" in this prospectus for more details. 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.

Our strategic plan to diversify our services may not succeed as planned, and therefore our overall growth strategy may not work as expected.

We have diversified our services by providing various value-added services to meet the evolving needs of our customers, whether they are property owners or non-property owners. See the section entitled "Business — Our Business Model" in this prospectus for more details. In particular, we aim to further expand our business coverage under our three main business lines, namely, property management services, value-added services to non-property owners and community value-added services, including but not limited to enhancing our existing services and exploring opportunities to offer new community value-added services, such as community retail services, elderly care and community health services, to increase accessibility and improve user experience and plan to attract further use by residents of the properties we manage as well as local vendors. See "Business — Business Strategies — Stay innovative and continue to develop diversified value-added service" in this prospectus for more information.

However, our value-added services are still expanding and evolving depending on the circumstances of the project and our accumulated experiences in the relevant local market. With a relatively limited operating history and experience in certain regions, we may face unknown risks, rising expenses and fierce competition in the market. We cannot assure you that we will be able to grow our business as planned. The potential growth of our value-added services depends on our ability to continue to attract new users as well as to increase the spending and repeat purchase rate of existing users. We may fail to cater for various consumer preferences, or anticipate product trends that will appeal to existing potential customers. We may also be unfamiliar with the new business operations in new markets, and fail to effectively promote our new services to new markets. New products and services, or entrance into new markets, may also require substantial time, resources and capital, and profitability targets. We also may not have the same level of familiarity with the practices for provision of new services or relationships with our strategic partners, third-party subcontractors and other suppliers as we do in the property management industries. We may not be able to recruit sufficient qualified personnel to support the growth of our value-added services. In addition, we may have limited ability to leverage on our brand name in the relevant industries in the way that we have done so in the property management industry, which could put us in a less competitive position in the new market.

Furthermore, we cannot assure you that our investment in our value-added business can be recovered in a timely manner, or at all, or our results of return would be more competitive than that of other comparable companies. Our development of and investment in our diversified service platform may be subject to PRC laws and regulations governing license approval and renewal. See "Regulatory Overview — Legal Supervision over the Internet Information Services" in this prospectus for further details. We cannot assure you that we can obtain or renew our license on time, if at all. We cannot guarantee that our future strategic development plan, which is based upon our forward-looking assessment of market prospect and customer preference, will always turn out to be successfully. A number of factors beyond our control may also affect our plan for the diversified services, which include changes in the PRC's economic conditions in general, government policies and regulations on relevant industries and changes in supply and demand for our services. Any of the foregoing could adversely affect our reputation, business, cash flows, financial position and results of operations.

We are susceptible to changes in regulatory landscapes of the PRC property management and PRC real estate industries.

The PRC property management industry and our operations are substantially affected by the relevant regulatory environment and measures. In particular, the fees that property management companies may charge in connection with property management services are strictly regulated and supervised by relevant PRC authorities. We seek to comply with the regulatory regime of the property management service in conducting our business operations. In December 2014, the NDRC issued the Circular of NDRC on the Opinion on Liberalizing Price Controls in Certain Services (《國家發展改革委員會關於放開部分服務價格意見的通知》) (改發價格[2014]2755號), which requires the relevant provincial authorities to relax the price control policies in relation to the property management services for non-affordable housing. Property management fees for affordable housing, housing-reform properties and properties in older residential areas and management fees under preliminary property management service agreements remain subject to price guidance imposed by provincial level price administration departments and the administrative departments of housing and urban-rural development. The PRC Government may also promulgate new laws and regulations in relation to property management fees from time to time. See "Regulatory Overview — Legal Supervision Over Property Management Services — Fees Charged by Property Management Enterprises" in this prospectus for more details.

We expect that price controls on residential properties will be relaxed over time. For now, our property management fees are subject to the existing local regulations passed by the relevant authorities to implement the above-mentioned circular issued by NDRC on the Opinion on Liberalizing Price controls in Certain Services. The government-imposed limits on fees, coupled with rising labor and other operating costs, could have a negative impact on our revenue. If a property is managed on a lump sum basis, we may experience a decrease in profit margin. If a property is managed on a commission basis, in the event that the collected fees after deducting the commission are insufficient to cover property management expenses, the property owners are legally responsible for making up for such shortage. We cannot assure you

that the PRC Government may not reverse its policy and re-impose limits on property management fees. In such event, our profit margins may reduce as our labor, subcontracting and other associated costs increase. We also cannot assure you that we would be able to respond to such changes in a timely manner and effectively by implementing our cost-saving measures, nor that we would be able to pass the additional coasts to our customers. The PRC Government may also unexpectedly promulgate new laws and regulations that have potential adverse impact on our business. This could increase our compliance and operational costs, thereby materially and adversely affect our business, financial condition and results of operations.

In addition, most of our revenue are generated from our property management services. Therefore, our results of operations depend largely on the total GFA and number of communities we manage. As such, the growth potential of our property management service will be indirectly affected by the PRC real estate industry. The PRC Government has implemented a series of measures with a view to control the growth of the economy in recent years. In particular, the PRC Government has continued to introduce various restrictive measures to discourage speculation in the real estate market. The government exerts considerable direct and indirect influence on the development of the PRC real estate industry by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. As a result, the PRC Government may restrict or reduce property development activities, place limitations on the ability of commercial banks to make loans to property purchasers, impose additional taxes and levies on property sales and affect the delivery schedule and occupancy rates of the properties we service. The PRC Government will also, from time to time, promulgate new laws and regulations in relation to the PRC real estate industry based on macroeconomic considerations. Therefore, the overall demand for properties may decrease and in turn decelerate the overall growth of property management services and commercial services, which could in turn affect our growth potential and our business expansion.

We face intense competition in the property management market and if we fail to compete successfully against existing and new competitors, our business, financial position, results of operations and prospects may be materially and adversely affected.

According to CIA, the PRC property management industry is intensely competitive and highly fragmented. See "Industry Overview — The PRC Property Management Industry" in this prospectus for more details on the competitive landscape. Our major competitors include large national, regional and local property management companies that may have stronger capital resources, longer operating histories, better track records, greater brand or better name recognition, greater expertise and experience in regional and local markets as well as richer financial, technical, marketing and public relation resources than we do. We believe that we compete with our competitors on a number of factors, primarily including business scale, brand recognition, financial resources, price and service quality. Such competitors may be able to devote more resources to the development, promotion, sale, and support of their services, and therefore they may be bettered positioned than we are to compete for customers, financing,

skilled management and labor resources. In addition to competition from established companies, emerging companies may enter our existing or new markets. Property developers may also develop their own in-house property management busyness or engage their affiliated service providers, which could reduce the availability of business opportunities. If we fail to improve and evolve ourselves among the competitors, we may not be able to continue to compete effectively or maintain or improve our market position, and such failure could have a material adverse effect on our business, financial position and results of operations.

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

We are exposed to liabilities from disputes involving losses or damages incurred by products and services marketed through our community value-added services and/or value-added services to non-property owners as well as other incidents in our business that may expose us to liability and reputational risk.

We may encounter different incidents during the course of our business which may materially and adversely affect our business operation. Our community value-added services, including but not limited to home-living services, car park management, leasing assistance and other services, property agency services and common area value-added services. Claims may arise due to employees' or third-party subcontractors' negligence or recklessness when performing repair and maintenance services. In addition, product liability may arise from reselling or advertising the products or services through our community value-added services and/or value-added services to non-property owners under the Laws on the Protection and Rights and Interests of Consumers of the PRC (《中華人民共和國消費者權益保護法》), the Tort Law of the PRC (《中華人民共和國侵權責任法》) and other relevant PRC laws and regulations. For instance, claims may be brought against us by purchasers, regulatory authorities or other third parties alleging, among others, that: (i) the quality of the products sold or services provided by or through us fail to conform to required product quality; (ii) advertisements made at service centers we established for the communities we serve with respect to such products or services are false, deceptive, misleading, libelous, injurious to the public welfare otherwise offensive; (iii) such products or services are defective or injurious and may be harmful to others; and (iv) such marketing, communication or advertising infringe on the proprietary rights of other third parties. These occurrences could result in damage to, or destruction of, properties of the communities, personal injury or death and legal liability. Violation of product quality and safety requirements by third-party vendors may subject us to confiscation of related earnings, penalties or an order to cease sales of the defective products. If the offense is determined to be serious, our business license to sell these products could be suspended or revoked and we could be ordered to cease operations pending rectification.

We may be held liable for the personal injuries or property losses of our customers due to the foregoing incidents that may occur during the course of our service. We may be required to recall our products and may face product liability claims due to a material design, manufacturing or quality failure in the products or services offered or advertised by us. Customers may not use the products offered or advertised by or through us in accordance with product usage instructions, possibly resulting in customer injury and our responsibility towards such injuries. Any of these events could materially harm our brand and reputation and marketability of such products or service, which materially and adversely affect our business, results of operation and financial position.

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 prospects and results of operations.

Although we experienced rapid revenue and profit growth during the Track Record Period, we cannot assure you that we can sustain such growth in the future. Our profitability depends partially on our ability to control costs and operating expenses, which may increase as we expand our business. In addition, we may continue to devote significant resources to develop our value-added services, which require substantial capital, personnel and technological support. This initiative could negatively impact our short-term profitability and cash flows. If our business expansion prove ineffective, and we fail to increase revenue, or if our cost and operating expense grow faster than our revenue, our business, financial position and results of operations may be negatively affected.

We have indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect our financial condition and results of operations.

We incurred certain indebtedness during the Track Record Period. As of December 31, 2017, 2018 and 2019, our bank and other borrowings amounted to approximately RMB500.0 million, RMB520.0 million and RMB20.4 million, respectively. Our gearing ratio as of December 31, 2017, 2018 and 2019 was 34.5 times, 9.6 times and 0.16 times, respectively. Our adjusted gearing ratio under non-IFRS measures as of December 31, 2017, 2018 and 2019 was nil, 0.37 times and 0.16 times, respectively. As of April 30, 2020, we have bank and other borrowings in the amount of RMB20.0 million. See "Financial Information Description of Selected Items of Consolidated Statements of Financial Position — Interest-bearing Bank and Other Borrowings" in this prospectus for more details. Our indebtedness could have an adverse effect on us, for example, by increasing our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates; and limiting our flexibility in the planning for, or reacting to, changes in our business or the industry in which we operate. We have indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, the demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay our anticipated operating expenses and to service our debts, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, disposing of our assets, restructuring or refinancing our indebtedness or seeking equity capital. If we are unable to fulfill our repayment obligations under our borrowings, or are otherwise unable to comply with the restrictions and covenants in our current or future bank loans and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the lenders may accelerate the repayment of outstanding debt or, with respect to secured borrowings, enforce the security interest securing the loan. Any cross-default and acceleration clause may also be triggered as a result. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay all of our indebtedness, or that we would be able to obtain alternative financing on terms that are favorable or acceptable to us. As a result, our cash flow, cash available for distributions, financial condition and results of operations may be materially and adversely affected.

Negative publicity, including adverse information on the Internet, about us, our Shareholders and affiliates, our brand, management, vendors as well as products and services provided by us may have a material adverse effect on our business, reputation and the trading price of our Shares.

There could be from time to time negative publicity about us, our Shareholders and affiliates, our brand, management, vendors as well as products and services provided by us. Negative reviews on the properties managed by us, products and services provided by us, our business operations and management may appear in the form of Internet postings and other media sources from time to time and we cannot assure you that other types of negative publicity will not arise in the future. For example, if our services fail to satisfy our customers, our customers may disseminate negative opinions about our services through popular social platforms. Partner vendors for our service may also be subject to negative publicity for quality of their products and services or other public relation incidents with respect to such vendors, which may adversely affect the sales of their products or services on us and indirectly affect our reputation. Any such negative publicity, regardless of veracity, could materially and adversely affect our business, our reputation and the trading price of our Shares.

Damage to the common areas of our managed properties may adversely affect our business, financial position and results of operations.

The common areas of the properties we manage may suffer damage as a result of events beyond our control, including but not limited to natural disasters, accidents or intentional damage. Although PRC law mandates that each residential community establish a special fund to pay the repair and maintenance costs of common areas, there is no guarantee that there will be sufficient sums in those special funds. Where the damage is caused by natural disasters such as earthquakes, floods or typhoons, or accidents or intentional harm such as fires, the damage caused may be extensive. At times additional resources may have to be allocated to assist police and other governmental authorities in investigating criminal actions that may have been involved.

As the property management service provider, we may be viewed as responsible for restoring the common areas and assisting any investigative efforts. In the event that there is any shortfall in the special funds necessary to cover all the costs involved, we may have to compensate for the difference with our own resources first. We would need to collect the amount of the shortfall from the property owners later. To the extent that our attempts are unsuccessful, we may experience material adverse effects on our business, financial position and results of operations. During the Track Record Period and up to the Latest Practicable Date, we have not made payments on behalf of property owners and/or residents for such restoration work of common areas. As we intend to continue growing our business, the likelihood of such occurrences may rise in proportion to any increases in the number of our managed properties.

We are exposed to interruptions and security risks in relation to third-party online payment platforms, including but not limited to, security breaches and identity theft, which may result in disruption of our operations and customer complaints, and may expose us to the risk of litigation which could materially and adversely affect our business, financial position, results of operations and our reputation.

We accept payments via various payment methods, including by not limited to online payments through third-party payment platforms. These online payments involve the transmission of confidential information such as credit card numbers, personal information and billing addresses over public networks. A secured transmission of confidential information would be essential to maintain consumer confidence. As the prevalence of using online payment methods increases, associated online crimes will likely increase as well. We have no control over the security measures taken by providers of our third-party platforms. In the event that the security and integrity of these third-party platforms are compromised, we may experience material adverse effects on our ability to process our revenue derived from our property management services, community value-added services and other value-added services provided through our service platforms. In addition, increasing and enhancing our security measures and efforts as well as legal compliance during the use of the third-party payment platforms may impose additional costs and expenses but still not guarantee complete safety and compliance. We are exposed to litigation and possible liability in relation to security breaches of the online payment platforms for failing to secure confidential user information. Even if a security breach did not occur on the online payment platforms that we use, if an Internet or mobile network security breach were to occur, the perceived security of online payment platforms in general may be adversely affected and cause users to be reluctant to further use our services. Any leak of confidential information or data, breach of network security or personal data security, or other misappropriation or misuse of personal information, including users' personal information without prior and proper consent, could cause interruptions in the operations of our business and subject us to increased costs, litigation and other liabilities, which could materially and adversely affect our business, financial position, results of operations and our reputation.

We are exposed to interruptions and security risks in relation to our information technology systems, which may result in disruption of our operations.

We rely on our information technology systems to manage key operational functions. For example, we rely on our "Rong Wisdom" (榮智慧) Service Software to, among others, maintain quality control, which involves the collection and management of customer inquiries, requests and feedbacks, and organizing and tracking of our responses, follow-ups and conducting and recording internal assessments on service issues. See "Business — Quality Control — Quality Control of Our Property Management Services" in this prospectus for more information. We operate under a comprehensive internal management system where information related to human resources and financials is processed automatically. However, we cannot guarantee that damages or interruptions caused by power outages, computer viruses, hardware and software failures, telecommunication failures, fires, natural disasters, security breaches and other similar occurrences relating to our information technology systems will not occur in the future. If we fail to detect any system error or malfunction, continue to upgrade our information technology systems and network infrastructure, or take other measures to improve the efficiency of our information technology systems, system interruptions or delays could occur, which could adversely affect our operating results. In addition, occasional system interruptions and delays may occur to our "Rong Wisdom" Service Software or any other customer service systems that make our services unavailable or difficult to access, and prevent us from promptly responding or providing services to our customers, which could reduce the attractiveness of our services and even incur losses to our customers who may bring legal proceedings against us. Moreover, we may incur significant costs in restoring any damaged information technology systems or to comply with any relevant data protection requirements under the relevant PRC laws and regulations. Failures in or disruptions to our information technology systems and loss or leakage of confidential information could cause transaction errors, processing inefficiencies and the loss of customers and sales. We may thus experience material adverse effects on our business and results of operations.

Our success depends on the continued services of our Directors, senior management and other qualified employees.

Our continued success is highly dependent upon the efforts of our Directors, senior management and other qualified employees who are experienced in property management and related industries such as Mr. Huang Liang, executive Director and chief executive officer, and Mr. Huang Sheng, executive director and vice president. Our executive Director Mr. Huang Liang has over 11 years experience in real estate industry. He is in charge of overall operation and management and strategy planning. Mr. Huang has acted as the vice chairman of Fujian Province Estate Management Association (福建省物業管理協會) since December 2017. He was appointed as a member of Industrial Development Research Committee (產業發展研究委員會) under China Property Management Institute (中國物業管理協會) in October 2019. We believe his enriched industry experience and professional skills will lead us to success. Our executive Director Mr. Huang Sheng was appointed on December 6, 2019. He has over 18 years experience in property management industry. Mr. Huang was also appointed as a vice chairman of the Fourth Council and the Fifth Council of TASPM in March 2013 and March 2015,

respectively. We believe his professional skills and high status in the industry will make us more competent and outstanding. If a material number of our qualified employees leaves and we are unable to promptly hire and integrate a suitable replacement, our business, financial position and results of operations may be materially and adversely affected. In addition, the future growth of our business will depend, in part, on our ability to attract and retain qualified personnel in all aspects of our business, including corporate management and property management personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, financial position and operating results could be materially and adversely affected. See "Directors and Senior Management — Board of Directors — Executive Directors" in this prospectus for more information.

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

Our intellectual properties are our crucial business assets, which are key to our customer loyalty and essential to our future growth. The success of our business depends substantially upon our continued ability to use our trade names and trademarks to increase brand recognition and to develop our business brands. See "Business — Our Brands" and "Business — Intellectual Property" in this prospectus for more details. Unauthorized reproduction or infringement of our trade names or trademarks could diminish the value of our brands as well as our market reputation and competitive advantages. The unauthorized third party may use our intellectual property in ways that damage our reputation and brand names, such as providing services that are at lower standards or handling customer relationship in bad manner.

We rely on a combination of trademarks, confidentiality procedures and contractual provisions as well as legal registration to protect our intellectual property rights. Nevertheless, we cannot guarantee that such measures provide full protection. Policing unauthorized use of proprietary information can be difficult and expensive. In addition, the intellectual property laws and regulations are still immature as compared with most developed countries, and therefore the enforceability, scope and validity of laws governing intellectual property rights in the PRC are uncertain and still evolving, which could involve substantial risks to us. If we fail to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights, it could have a material adverse effect on our business, results of operations and financial position.

We may fail to obtain or renew required permits, licenses, certificates or other relevant PRC governmental approvals necessary for our business operations.

We are required to obtain certain governmental approvals in the form of permits, licenses and certificates or other approvals in order to provide our services, including Food Business License (食品經營許可證), Filing for the Real Estate Brokerage Institutions (房地產經紀機構備案) and Filing for Company's Self-Recruiting Security Guards (自行招用保安員單位備案). Generally, they are only issued or renewed after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles toward fulfilling such conditions that

delay us in obtaining or renewing, or result in our failure to obtain or renew, the required governmental approvals. Moreover, we anticipate that the PRC Government and relevant authorities will promulgate new policies in relation to the conditions for issuance or renewal from time to time. We cannot guarantee that such new policies will not present unexpected obstacles toward our ability to obtain or renew the required permits, licenses and certificates or that we will be able to overcome these obstacles in a timely manner, or at all. Loss of or failure to obtain or renew our permits, licenses and certificates may stall our business operations, possibly leading to material adverse effects on our business and results of operations.

Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation.

We purchase and maintain insurance policies that we believe to be aligned with the standard commercial practice in our industry and as required under relevant laws and regulations. See "Business — Insurance" in this prospectus for further information. However, we cannot assure that our insurance coverage will be sufficient or available to cover damage, liabilities or losses we may incur in the ordinary course of our business. We do not carry any business interruption insurance or litigation insurance as aligned with the customary market practice in the PRC. In additional, there are certain losses for which insurance is not available in the PRC on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. If we are held responsible for any such damages, liabilities or losses and there is an insufficiency or unavailability of insurance, we could suffer significant costs and diversion of our resources, and thereby materially and adversely affect our business, financial condition and results of operation.

Failure to make adequate contributions to social insurance and housing provident funds for our employees as required by the PRC regulations may subject us to penalties.

During the Track Record Period, we failed to timely make full social insurance contributions for certain of our eligible employees. We also failed to make required filings regarding the housing provident fund accounts with the relevant government authorities or set up housing provident fund accounts for certain of our eligible employees, and timely make full housing provident fund contributions for certain of our eligible employees. As such, we may be subject to late fees and fines for our insufficient contributions to the social insurance plans and housing provident fund as well as non-registration of an account for housing provident fund. As of the Latest Practicable Date, we had not received any notice from the local government authorities regarding any claim for inadequate contribution of our current and former employees. We have made provision in the amounts of RMB1.9 million, RMB4.5 million and nil to our consolidated statements of profit or loss and other comprehensive income during the years of 2017, 2018 and 2019, respectively. According to the relevant PRC laws and regulations, (i) for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contribution within a stipulated deadline and we may be liable for

a late payment fee equal to 0.05% of the outstanding contribution amount of each day of delay; if we fail to make such payments within a stipulated deadline, we may be liable to a fine of one to three times of the outstanding contribution amount; and (ii) for the housing provident fund registration that we fail to complete before the prescribed deadline, the relevant government authorities may demand that we complete the housing provident fund registration by a stipulated deadline. If we fail to rectify by that deadline, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiaries or branches and, for outstanding housing provident fund contributions that we did not fully pay within the prescribed period, the relevant government authorities may demand that we pay the outstanding housing provident fund contributions by a stipulated deadline. If we fail to rectify by that deadline, we may be subject to an order from the relevant People's court for compulsory enforcement. See "Business — Legal Proceedings and Compliance — Compliance" in this prospectus for more information. We cannot assure that the relevant local government authorities will not require us to pay the outstanding amount within a specific time limit or impose late or additional fees or fines on us, which may materially and adversely affect our financial condition and results of operation.

We may be involved in legal and other disputes and claims from time to time during the ordinary course of operation.

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

Uncertainties related to the recoverability of our deferred tax assets could materially and adversely affect our results of operations.

We recorded deferred tax assets of RMB5.6 million, RMB5.7 million, and RMB9.9 million, as of December 31, 2017, 2018 and 2019, respectively. We also had deferred tax assets that have not been recognized in respect of the tax losses in the amount of RMB2.2 million, nil and nil as of the same dates, respectively. We periodically assess the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. In particular, deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits

can be utilized. See "Financial Information — Description of Selected Items of Consolidated Statements of Financial Position — Deferred Tax Assets" in this prospectus for more details. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of the regulatory environment, in which case, we may not be able to recover our deferred tax assets which thereby could have an adverse effect on our 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 licenses from third parties and pay ongoing royalties on unfavorable 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.

We may be subject to fines for any inability to comply with national environmental, health and safety standards.

We are subject to extensive and increasingly stringent environmental protection, health and labor safety laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees. In addition, there is a growing awareness of environmental, health and labor safety issues, and we may sometimes be expected to meet a standard which is higher than the compulsory requirements. We cannot guarantee that more stringent environmental protection, health and labor safety requirements or standards will not be imposed in the future. We cannot assure you that our procedures and training will be completely effective in satisfying all relevant environmental and safety requirements. If we are unable to comply with existing or future environmental, health and labor safety laws and regulations or are unable to meet public expectations in relation to relevant 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 natural disasters, epidemics, acts of terrorism or war in the PRC and globally may materially and adversely affect our business.

Natural disasters, epidemics, acts of terrorism or war or other factors that are beyond our control may materially and adversely affect the economy, infrastructure and livelihood of people in the areas where we have or plan to have business operations. In particular, due to their geographic regions, some of these areas are susceptible to the threat of floods, earthquakes, sandstorms, snowstorms, fires or droughts, power shortages or failures, as well as potential wars, terrorist attacks or epidemics such as Ebola, SARS, H1N1, H5N1, H7N9 or,

most recently, the novel coronavirus named COVID-19 by the World Health Organization. Any of such events could result in tremendous proprietary damages and losses, personnel injuries and live losses, as well as disruption or destruction of our business operations. In particular, the COVID-19 virus had quickly spread across China in early 2020. Several cities in China were put under lockdown and have imposed travel restrictions in order to curb the spread of the virus. Our business operations in China, including the properties under our management, have been affected due to such travel and other related restrictions. Therefore, any of these and other factors that are beyond our control may create uncertainties within the overall economic environment, thereby causing our business to suffer in ways that we cannot predict, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

The PRC economic, political and social conditions as well as government policies could affect our business, results of operation, financial position and prospects.

Our major business, assets and operations are located in the PRC. Therefore, our business, results of operation, financial position and prospects are, to a large extent, subject to the economic, political, social and legal conditions in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including, among other things, structure, level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

The PRC has transformed from a planned economy to a market oriented economy since 1978. While the PRC economy has grown significantly in the past four decades, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial position and results of operations may be adversely affected by the PRC Government's control over capital investment, price controls or any changes in tax regulations or foreign exchange controls that are applicable to us. In addition, many of the reform measures are unprecedented or experimental and are expected to be modified from time to time. Other political, economic and social factors may lead to further adjustment. Going forward, our business may, from time to time, be subject to the transforming economic situations and legal environment in the PRC. In particular, demand for our services and our business, financial position and results of operations may be adversely affected by:

- political instability or changes in social conditions in the PRC;
- changes in laws, regulations or policies or the interpretation of laws, regulations or policies;
- measures which may be introduced to control inflation or deflation;

- Changes in interest rates or market disruptions experienced in overseas markets that directly or indirectly affect the capital markets of the PRC;

- changes in the rate or method of taxation; and

- imposition of additional restrictions on currency conversion and remittances abroad.

Furthermore, there is no assurance that the substantial growth in the PRC economy in the previous decades will continue or continue at the same pace. In May 2017, Moody's Investors Service downgraded China's sovereign credit rating for the first time since 1989 and changed its outlook from stable to negative, citing concerns on the country's rising levels of debt and expectations of slower economic growth. In recent years, the trade war between the U.S. and China further slows down the growth of the PRC economy and gives rise to uncertainties on the global economy. Should the trade war materially impact the PRC economy, the purchasing power and needs of our customers could be negatively affected. The full impact of relevant events remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profoundly adverse implications.

We may be subject to a tax rate of 25% on our global income if we are deemed to be a PRC resident enterprise under the EIT Laws.

Under the EIT Law, an enterprise established outside of the PRC may be considered a "PRC resident enterprise" and will generally be subject to the uniform enterprise income tax rate of 25% on its global income if its "de facto management body" is located in the PRC. "De factor management body" is defined as the organizational body that effectively exercise management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

On April 22, 2009, SAT promulgated the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) ("Circular 82"), as amended on January 29, 2014 and December 29, 2017, which sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily business, operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within the PRC. In addition, Circular 82 also requires that the determination of "de facto management body" shall be based on the principle that substance is more important than form. In addition to Circular 82, the SAT issued the Chinese-Controlled Offshore Incorporated Resident

Enterprises Income Tax Regulation (Trial Implementation) (《境外註冊中資控股居民企業所得税管理辦法(試行)》) ("Bulletin 45"), which took effect on September 1, 2011 and amended on June 1, 2015 and October 1, 2016 and June 15, 2018, which provides procedures and administrative details for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general. If we are deemed a PRC resident enterprise, we may be subject to the EIT rate of 25% which could adversely affect our financial position and results of operation.

You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our Shares under PRC law.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within China unless a treaty or similar arrangement provides otherwise. Under the PRC Individual Income Tax Law (中華人民共和國個人所得税法) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

As we conduct all of our business operations in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, would be treated as income from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realized from the transfer of our Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

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

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. See "Regulatory Overview — Regulations Relating to Foreign Exchange" in this prospectus for more details.

We receive all our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. The foreign exchange control system may prevent us from obtaining sufficient foreign currency to satisfy our currency demands. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments to our shareholders, or otherwise satisfy our foreign currency denominated obligations, if any.

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

Payment of dividends is subject to restrictions under PRC law.

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

Fluctuation in the value of the Renminbi may have a material adverse effect on our business.

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

Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC Government, including restrictions on the ability of our PRC subsidiaries to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiaries.

In July 2014, the SAFE promulgated the Circular on Management of Offshore Investment and Financing and Round Trip Investment By Domestic Residents through Special Purpose Vehicles (Huifa [2014] No.37) (《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》 (匯發[2014]37號)) ("Circular 37"). Pursuant to Circular 37 and its implementation rules, PRC residents, including PRC institutions and individuals, must register with local branches of SAFE in connection with their direct or indirect offshore investments in an overseas special purpose vehicle, or SPV, directly established or indirectly controlled by PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests or any inbound investment through SPVs. Such PRC residents are also required to amend their registrations with SAFE when there is change to the required information of the registered SPV, such as changes to its PRC resident individual shareholder, name, operation period or other basic information, or the PRC individual resident's increase or decrease in its capital contribution in the SPV, or any share transfer or exchange, merger or division of the SPV. Pursuant to 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》) (匯發[2015]13號) (Huifa [2015] No. 13) ("Circular 13"), the foreign exchange registration aforesaid has been directly reviewed and handled by banks since June 1, 2015, and SAFE and its branches perform indirect regulation over such foreign exchange registration through local banks. Under this regulation, failure to comply with the registration procedures set forth in Circular 37 may result in restrictions being imposed on the foreign exchange activities of our PRC subsidiaries, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and its settlement of foreign exchange capital, and may also subject the relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

We are committed to complying with and ensuring that our Shareholders who are subject to the regulations will comply with the relevant rules. Any future failure by any of our Shareholders who is a PRC resident, or controlled by a PRC resident, to comply with relevant requirements under this regulation could subject us to penalties or sanctions imposed by the PRC Government. However, we may not at all times be fully aware or informed of the identities of all of our Shareholders who are PRC residents, and we may not always be able to timely compel our Shareholders to comply with the requirements of Circular 37. Moreover, there is no assurance that the PRC Government will not have a different interpretation of the requirements of Circular 37 in the future.

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 management service.

Uncertainty with respect to the PRC legal system could adversely affect our business and may limit the legal protection available to you.

As our businesses are primarily conducted and our assets are almost all located in the PRC, we are governed principally by the PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Although the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, with a view to developing a comprehensive system of commercial law since 1978, China has not developed a fully integrated legal system. The recent laws and regulations may not sufficiently cover all aspects of economic activities in China, or may be unclear or inconsistent. In particular, since the property management industry is in its early developmental stage in the PRC, the laws and regulations relating to this industry are evolving and may not be comprehensive. Because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of PRC laws and regulations involve uncertainties and can be inconsistent. Even where adequate laws exist in China, the enforcement of existing laws or contracts based on existing laws may be uncertain or sporadic, and it may be difficult to obtain swift and equitable enforcement of a judgment by a PRC court. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis, or at all, that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules in a timely manner. Finally, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management's attention. The materialization of all or any of these uncertainties could have a material adverse effect on our financial position and results of operations.

It may be difficult to effect service of process on our Directors or executive officers who reside in the PRC or to enforce against us or them in the PRC any foreign judgments.

We are incorporated in the Cayman Islands. A majority of our Directors and senior management members reside in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any foreign judgments. China does not have treaties providing for the reciprocal

recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or even impossible. On July 14, 2006, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Pursuant to the Arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between the parties after the effective date of the arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not agree to enter into a choice of court agreement in writing. It may be also difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in the PRC.

RISKS RELATING TO THE GLOBAL OFFERING

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

The Offer Price of our Offer Shares is higher than the consolidated net tangible assets per Share immediately prior to the Global Offering. Therefore, if we distribute our net tangible assets to our Shareholders immediately following the Global Offering, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution in unaudited pro forma adjusted consolidated net tangible assets and will receive less than the amount they paid for their Shares.

In order to expand our business, we may consider offering and issuing additional Shares in the future. We may also raise additional funds to finance future acquisitions or expansions of our business operations by issuing new Shares or other securities of our Company in the future. As a result, purchasers of our Offer Shares may experience dilution in the net tangible assets value per Share of their investments in the Offer Shares and such newly issued Shares or other securities may confer rights and privileges that have priority over those of the then Shareholders.

There has been no prior public market for the Shares and the liquidity and market price of our Shares may be volatile.

Prior to completion of the Global Offering, there has been no public market for our Offer Shares. The initial Offer Price for our Shares was the result of negotiations among us and the Joint Global Coordinators and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for listing of and permission to deal in our Shares on the Stock Exchange. There is no assurance that the Global Offering will result in the development of an active, liquid public trading market for our Shares. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

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

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

- variations in our financial position and/or results of operations;
- unexpected business interruptions resulting from, among others, natural disasters or power shortage;
- our inability to compete effectively in the market;
- major changes in our key personnel or senior management;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic alliances or acquisitions;
- changes in laws and regulations in China;
- changings in securities analysts' estimates of our financial condition and/or results of operations, regardless of the accuracy of information on which their estimates are based;
- changings in investors' perception of us and the investment environment generally;
- our inability to abortion or maintain regulatory approval for the operations of our vocational school;
- fluctuations in stock market price and volume;

- announcement made by us or our competitors;
- changes in pricing adopted by our competitors;
- political, economic, financial and social developments in China and Hong Kong and in the global economy; and
- involvement in material litigation.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related or disproportionate to the operating performance of particular companies. For instance, during the global economic downturn and financial market crisis begun around the middle of 2008, the global stock markets witnessed drastic price drops with heavy unprecedented selling pressure. Many stocks fell significantly from their peaks in 2007 and there were similar stock price movements were observed in the second half of 2011 as certain recent adverse financial developments have affected the global securities and financial markets. In addition, in the United Kingdom, a remain-or-leave referendum on its membership within the European Union was held in June 2016, the result of which favored the exit of the United Kingdom from the European Union ("Brexit"). On January 31, 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. The United Kingdom and the European Union will have a transition period until December 31, 2020 to negotiate, among others, trade agreements in details. Given the lack of precedent and uncertainty of the negotiation, the effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market. These developments include a general global economic downturn, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While it is difficult to predict how long these conditions will last, they could continue to present risks for an extended period of time, in interest expenses on our bank borrowings, or reduction of the amount of banking facilities currently available to us. If we experience such fluctuations, results of operations and financial position could be materially and adversely affected. Moreover, market fluctuations may also materially and adversely affect the market price of our Offer Shares.

Future issues, offers or sales of our Shares may adversely affect the prevailing market price of our Offer Shares.

Future issues of the Shares by our Company or the disposal of the Shares by any of our Shareholders or the perception that such issues or sale may occur, may negatively affect the prevailing market price of the Offer Shares. The market price of our Shares could decline as a result. Our Shareholders may experience dilution in their holdings in the event we issue additional securities in future offerings. Moreover, future sales or perceived sales of a substantial amount of our Offer Shares or other securities relating to our Offer Shares in the public market may adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate.

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

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

We may not declare dividends on our Offer Shares in the future.

Any declaration of dividends will be proposed and determined by our Board of Directors, and the amount of any dividends will depend on various factors, including but not limited to, our results of operations, financial performance, profitability, business development, prospects, capital requirements, economic outlook and other factors that our Directors deem relevant. We cannot guarantee that dividends of any amount will be declared or distributed in any year. See "Financial Information — Distributable Reserves" in this prospectus for more details.

Our Controlling Shareholder or management has substantial control over our Company and its interests may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the Global Offering, our Controlling Shareholder will remain having substantial control over its interests in the issued share capital of our Company. Subject to the Articles of Association, the Companies Ordinance and the Listing Rules, the Controlling Shareholder by virtue of its controlling beneficial ownership of the share capital of our Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. Therefore, our Controlling Shareholder will have significant influence on the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. The interests of the Controlling Shareholder may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholder conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

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 favorable 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. See "Future Plans and Use of Proceeds" in this prospectus for more details.

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 Companies 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. See "Summary of the Constitution of the Company and Cayman Islands Companies Law — 3. Cayman Islands Companies Law — (f) Protection of Minorities and Shareholders' Suits" in Appendix III to this prospectus for the summary of the Cayman Islands Companies Law on protection of minority shareholders.

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

The Offer Price of our Shares will be determined on the Price Determination Date, which is expected to be on or around July 3, 2020. However, our Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be July 10, 2020. Accordingly, investors may not be able to sell or deal in our Shares during the period between the Price Determination Date and the Listing Date. Our Shareholders are subject to the risk that the price of our Shares could fall before trading begins, as a result of adverse market conditions or other adverse developments that could occur between the Price Determination Date and the Listing Date.

The accuracy of certain facts and other statistics with respect to China, the PRC economy and our relevant industries in this prospectus which are derived from various official government sources and third-party sources cannot be guaranteed.

Certain facts and other statistics in this prospectus relating to China, the PRC economy and the industries relevant to us have been derived from various official government publications, from CIA and publicly available sources. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified

by us or any of our affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies. As a result, prospective investors should consider carefully how much weight or importance they should attach to or place on such facts or statistics.

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

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

Forward-looking information in this prospectus is subject to risks and uncertainties.

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

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. We have applied for a waiver from strict compliance with Rule 8.12 of the Listing Rules primarily on the basis that, as our headquarters and principal business operations are located in the PRC, our management is best able to attend to its function by being based in the PRC. We have applied to the Stock Exchange for, and the Stock Exchange has granted us a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to, among others, the following conditions:

(1) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, Mr. Huang Liang (黃亮) ("**Mr. Huang**"), our executive Director, and Mr. Liu Chang (劉暢) ("**Mr. Liu**"), our chief financial officer and joint company secretary, who will act as our Company's principal channel of communication with the Stock Exchange. Although Mr. Huang and Mr. Liu reside in the PRC, they possess valid travel documents and are able to renew such travel documents when they expire to travel to Hong Kong. In addition, Mr. Lei Kin Keong (李健強) ("**Mr. Lei**"), our joint company secretary who is an ordinarily resident in Hong Kong, has been appointed as the alternate to the two authorized representatives. Each of our authorized representatives and the alternate authorized representative will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and/or email. Each of our authorized representatives and the alternate authorized representative is authorized to communicate on our behalf with the Stock Exchange. Our Company has been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance and Mr. Lei has also been authorized to accept service of legal process and notices in Hong Kong on behalf of our Company;

(2) both our authorized representatives and the alternate authorized representative have means to contact our Directors (including our independent non-executive Directors) 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. Each of our Directors has provided his mobile phone number, residential phone number, fax number and email address to our authorized representatives and the alternate authorized representative. In the event that a Director expects to travel,

he will endeavor to provide the phone number of the place of his accommodation to our authorized representatives and the alternate authorized representative or maintain an open line of communication via his mobile phone. Each of our Directors, the authorized representatives and the alternate authorized representative has also provided his mobile number, office phone number, fax number and email address to the Stock Exchange;

(3) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Guotai Junan Capital Limited as our compliance advisor, which will have access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us; and

(4) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the compliance advisor, or directly with our Directors within a reasonable time frame. Our Company will promptly inform the Stock Exchange of any changes of our authorized representatives and/or the compliance advisor.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules, the secretary of our Company must be a person who has the requisite knowledge and experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have appointed Mr. Liu and Mr. Lei as our joint company secretaries. Mr. Liu is the chief financial officer of our Company. His biographical information is set out in "Directors and Senior Management" in this prospectus. Mr. Lei is a member of The Hong Kong Institute of Certified Public Accountants, an associate of The Hong Kong Institute of Chartered Secretaries and an associate of the Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators), who therefore meets the requirements under Rules 3.28 and 8.17 of the Listing Rules. Since Mr. Liu does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Liu as our joint company secretary. In order to provide support to Mr. Liu, we have appointed Mr. Lei as a joint company secretary to provide assistance to Mr. Liu, for a three-year period from the Listing Date so as to enable him to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

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

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions – Continuing connected transactions subject to the reporting, annual review, announcement and independent shareholders' approval requirements" in this prospectus. See "Connected Transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

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

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date, subject to the agreement on the final Offer Price between the Company and the Joint Global Coordinators (on behalf of the Underwriters).

If for any reason, the Offer Price is not agreed among our Company and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. See "Underwriting" in this prospectus for further information about the Underwriters and the underwriting arrangements.

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

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

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications in relation to subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attaching to them). It is emphasized that none of us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, agents, advisors, employees, personnel or any other persons or parties involved in the Global Offering accepts responsibility for any tax affairs or liabilities of any person resulting from the subscription for, purchase, holding or disposing of, dealing in our Shares, or the exercise of any rights attaching to our Shares.

CSRC APPROVAL AND OTHER RELEVANT PRC AUTHORITIES APPROVAL

The Listing does not require the approval of the CSRC or any other PRC government authorities under the current PRC laws, regulations and rules.

INFORMATION ABOUT THE GLOBAL OFFERING

The Global Offering	The Global Offering comprises (i) initially 25,000,000 new Shares for subscription by the public in Hong Kong under the Hong Kong Public Offering (subject to reallocation) and (ii) initially 225,000,000 new Shares for subscription by institutional and professional investors and other investors outside the United States in reliance on Regulation S of the U.S. Securities Act under the International Offering (subject to reallocation and the Over-allotment Option).
Over-allotment Option	Up to 37,500,000 additional new Shares to be issued by the Company
Offer price range	Not more than HK$4.70 and not less than HK$3.60 per Share

Stock borrowing arrangement and stabilization	See "Structure and Conditions of the Global Offering – Over-allotment Option and Stock Borrowing Arrangement" and "Structure and Conditions of the Global Offering – Stabilization" in this prospectus
Shares in issue immediately after the completion of the Capitalization Issue and Global Offering	1,000,000,000 Shares (assuming no exercise of the Over-allotment Option and the options that may be granted pursuant to the Share Option Scheme)
Procedure for application for Hong Kong Offer Shares	See "How to Apply for Hong Kong Offer Shares" in this prospectus and the relevant Application Forms.
Conditions of the Hong Kong Public Offering	Details of the conditions of the Hong Kong Public Offering are set out in "Structure and Conditions of the Global Offering".
Lock-up undertakings by our Company and our Controlling Shareholders	See "Underwriting – Underwriting Arrangements and Expenses – Undertakings to the Stock Exchange Under the Listing Rules" and "Underwriting – Underwriting Arrangements and Expenses – Undertakings Pursuant to the Hong Kong Underwriting Agreement" in this prospectus.
Register of Members	The principal register of members of our Company will be maintained by the Principal Share Registrar, Walkers Corporate Limited, in the Cayman Islands and the branch register of members of our Company will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. All Shares to be issued pursuant to the Capitalization Issue, the Global Offering and any Shares to be issued upon exercise of the Over-allotment Option will be registered on the branch register of members of our Company in Hong Kong. Only Shares registered on the branch register of members of our Company in Hong Kong may be traded on the Stock Exchange.

Stamp duty	No stamp duty is payable by applicants in the Global Offering. Dealings in the Shares registered on the Company's Hong Kong branch register of members 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. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving our Shares. Transfers of our Shares registered on our principal register of members in Cayman Islands will not be subject to Cayman Islands stamp duty unless the Company holds an interest in land in the Cayman Islands.
Application for Listing on the Stock Exchange	Application has been made to the Listing Committee for the granting of the approval for the Listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the Capitalization Issue and any Shares which fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme. No part of our equity or debt securities 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. Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions Ordinance), any allotment made in respect of any application will be invalid if the approval for the listing of, and permission to deal in, our Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

Restrictions on offers and offers for sale	Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm 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 such restrictions. No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms 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 circumstance in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares are not under public offering or sale, directly or indirectly, in China or the U.S.
Eligibility for CCASS	Subject to the granting of the approval for the Listing of, and permission to deal in, our Shares on the Stock Exchange and compliance of 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 (as defined in the Listing Rules) after any trading day. You should seek the advice of your stockbroker or other professional advisor for details of those settlement arrangements as such arrangements will affect your rights and interests.

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.

Language

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

Rounding of figures

In this prospectus, where information is presented in hundreds, thousands, ten thousands, millions, hundred millions or billions, certain amounts of less than one hundred, one thousand, ten thousand, one million, a hundred million or a billion, as the case may be, have been rounded to the nearest hundred, thousand, ten thousand, million, hundred million or billion, respectively. Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

Exchange rate conversion	Unless otherwise specified, amounts denominated in RMB and US$ have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following exchange rates: US$1.00: HK$7.7504 RMB1.00: HK$1.0929 No representation is made that any amounts in RMB and US$ were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.
Commencement of dealing in the Shares	Dealings in our Shares on the Main Board are expected to commence at 9:00 a.m. (Hong Kong time) on Friday, July 10, 2020. Shares will be traded in board lots of 1,000 Shares each. The stock code of our Shares will be 6958. Our Company will not issue any temporary documents of title. Dealings in our Shares on the Stock Exchange will be effected by participants of the Stock Exchange whose bind and offer quotations will be made available on the Stock Exchange's teletext page information system. Delivery and payment for the Offer Shares dealt on the Stock Exchange will be effected two trading days following the transaction date ("T+2"). Settlement of transactions between the participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Only certificates for our Shares registered on the branch register of members of our Company in Hong Kong will be valid for delivery in respect of transactions effected on the Stock Exchange. If you are unsure about the procedures for dealings and settlement arrangement on the Stock Exchange on which our Shares are listed and how such arrangements will affect your rights and interests, you should consult your own stockbroker or other professional advisors.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Huang Liang (黃亮)	Room 1003 No.4 Lane 500 Zaozhuang Road Pudong New District Shanghai PRC	Chinese
Mr. Huang Sheng (黃聖)	Room 301 No. 18 Lane 1088 Zhuluxi Road Xujing Town Qingpu District Shanghai PRC	Chinese
Non-executive Directors		
Mr. Huang Xianzhi (黃仙枝)	No. 201 Huamei Road Minhang District Shanghai PRC	Chinese
Mr. Chan Wai Kin (陳偉健)	Flat H, 7/F Block 7, Woodland Crest 33 Tin Ping Road Sheung Shui New Territories Hong Kong	Chinese
Independent non-executive Directors		
Mr. Ma Haiyue (馬海越)	Room 2003, No. 1168 West Yan'an Road Changning District Shanghai PRC	Chinese
Mr. Au Yeung Po Fung (歐陽寶豐)	Flat F, 28/F Block 2, Broadview Court 11 Shum Wan Road Aberdeen Hong Kong	Chinese
Mr. Zhang Wei (張偉)	Flat SC, 48/F, Tower 1 Festival City Phase 3 1 Mei Tin Road Tai Wai New Territories Hong Kong	Chinese

See "Directors and Senior Management" in this prospectus for further details of our Directors and senior management members.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**CCB International Capital Limited** 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
Joint Global Coordinators	**CCB International Capital Limited** 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong **Zhenro Securities Co. Limited** 62B BOC Tower 1 Garden Road Central Hong Kong
Joint Bookrunners	**CCB International Capital Limited** 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong **Zhenro Securities Co. Limited** 62B BOC Tower 1 Garden Road Central Hong Kong **Guotai Junan Securities (Hong Kong) Limited** 27/F, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong **BNP Paribas Securities (Asia) Limited** 59/F, Two International Finance Centre Hong Kong

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

China Industrial Securities International Capital Limited
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8 Connaught Place
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CRIC Securities Company Limited
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Wan Chai
Hong Kong

Shenwan Hongyuan Securities (H.K.) Limited
Level 19
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Joint Lead Managers

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Zhenro Securities Co. Limited
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Hong Kong

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

BNP Paribas Securities (Asia) Limited
59/F, Two International Finance Centre
Hong Kong

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

China Industrial Securities International Capital Limited
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188 Connaught Road West
Sai Wan
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Central
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As to PRC law:

Commerce & Finance Law Offices
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A12 Jianguomenwai Avenue
Chaoyang District
Beijing
PRC

As to Cayman Islands law:

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Central
Hong Kong

Legal advisors to the Sole Sponsor and the Underwriters

As to Hong Kong law:

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Suite 1509, 15/F, Jardine House
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Central
Hong Kong

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Chaoyang District
Beijing 100025
PRC

Auditor and reporting accountants

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Certified Public Accountants
22nd Floor, CITIC Tower
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Central
Hong Kong

Industry consultant	**China Index Academy** Tower A No. 20 Guogongzhuang Middle Street Fengtai District Beijing PRC
Receiving banks	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong
	CMB Wing Lung Bank Limited 16/F CMB Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong

Registered office	Cayman Corporate Centre 27 Hospital Road George Town Grand Cayman KY1-9008 Cayman Islands
Principal place of business and headquarters in China	1/F, Building 7, Hongqiao Zhenro Center Lane 666, Shenhong Road Minhang District Shanghai PRC
Principal place of business in Hong Kong	40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Company's website	**http://www.zhenrowy.com** *(The information on this website does not form part of this prospectus)*
Joint company secretaries	Mr. Liu Chang (劉暢) 1/F, Building 7, Hongqiao Zhenro Center Lane 666, Shenhong Road Minhang District Shanghai PRC Mr. Lei Kin Keong (李健強) (*ACIS, ACS, CPA*) 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Audit Committee	Mr. Zhang Wei *(Chairman)* Mr. Ma Haiyue Mr. Chan Wai Kin
Remuneration Committee	Mr. Au Yeung Po Fung *(Chairman)* Mr. Huang Liang Mr. Zhang Wei

Nomination Committee	Mr. Huang Xianzhi *(Chairman)* Mr. Ma Haiyue Mr. Au Yeung Po Fung
Authorized representatives	Mr. Huang Liang (黄亮) Room 1003, No. 4 Lane 500 Zaozhuang Road Pudong New District Shanghai PRC Mr. Liu Chang (劉暢) 1/F, Building 7, Hongqiao Zhenro Center Lane 666, Shenhong Road Minhang District Shanghai PRC Mr. Lei Kin Keong (李健強) *(Alternate authorized representative)* 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Compliance advisor	Guotai Junan Capital Limited 27/F, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Principal share registrar and transfer office in the Cayman Islands	Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road George Town Grand Cayman KY1-9008 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

China Construction Bank
Putian Licheng Branch
No. 818 Shengli North Road
Licheng District
Putian City, Fujian Province
PRC

China Construction Bank
Nanchang Qingyunpu Branch
No. 626 Jinggangshan Avenue
Nanchang City, Jiangxi Province
PRC

Bank of China
Jiangsu Province Branch
No. 148 Zhongshan South Road
Nanjing City, Jiangsu Province
PRC

China Construction Bank
Shanghai Caoyang Road Branch
No. 534 Caoyang Road, Putuo District
Shanghai
PRC

Industrial and Commercial Bank of China
Hongqiao Business District Branch
Building 9, Lane 666, Shenhong Road
Minhang District
Shanghai
PRC

The information in this section is derived from an independent report prepared by CIA. The industry report prepared by CIA is based on information from its database, publicly available sources, industry reports, data obtained from interviews and other sources. We believe that the sources of the information in this section 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 or that any part 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 Underwriter, any of its directors, officers, affiliates, advisors or representatives, or any other party (other than CIA) involved in the Global Offering. We, the Sole Sponsor, the Joint Global Coordinators, the Underwriter, any of its directors, officers, affiliates, advisors or representatives, and any other party (other than CIA) involved in the Global Offering make no representation as to the completeness, accuracy or fairness of such information and accordingly such information should not be unduly relied upon.

BACKGROUND AND METHODOLOGIES OF CIA

We purchased the right to use and quote various data from publications of CIA at a total cost of RMB800,000. CIA has extensive experiences researching and tracking the PRC property management industry, and has conducted research on the Top 100 Property Management Companies since 2008. In conducting its research, CIA primarily evaluates property management companies that have managed at least ten properties or have an aggregate GFA of 500,000 sq.m. or more in the previous three years. CIA uses research parameters and assumptions and gathers data from multiple primary and secondary sources, including (i) published statistics, websites and marketing materials of property management companies; (ii) surveys and data from the China Real Estate Index System and the China Real Estate Statistics Yearbooks; (iii) public data from governmental authorities; and (iv) data gathered for Top 100 Property Management Companies in China from 2008 to 2019 and Top 100 Property Management Companies by Brand Value from 2013 to 2018. In addition, since 2008, CIA has published the ranking of China's Top 100 Property Management Companies in terms of overall strength, primarily by evaluating data from the previous year in relation to management scale, operational performance, service quality, growth potential and social responsibility of the property management companies under consideration. CIA assesses the growth potential of property management companies primarily in terms of growth rate of revenue, growth rate of total GFA under management, contracted but undelivered GFA, the total number of employees and employee composition.

Data analysis in this section includes data and information on the Top 100 Property Management Companies as ranked by CIA. In determining such rankings, CIA may assign the same ranking to multiple companies with the same or very close scores, and therefore it is possible that more than 100 companies may be classified as being among the Top 100 Property Management Companies in the industry. CIA may, upon specific request, prepare further

rankings within the Top 100 Property Management Companies for certain indices. We requested CIA to assess us for the Top 100 Property Management Companies based on CAGRs for GFA under management, revenue and net profit from 2013 to 2018 for the purpose of the Global Offering. For more information on CIA's methodologies and the number of property management service providers ranked among the Top 100 Property Management Companies for each year between 2014 and 2018, see "Glossary — Top 100 Property Management Companies" in this prospectus. In preparing the CIA Report, CIA assumed that: (i) the social, economic and political conditions in China and the world will remain stable during the forecast period; (ii) government policies on the property management industry in China will remain unchanged during the forecast period; (iii) all published data by the relevant statistics bureaus are accurate; and (iv) all collected information relating to residential sales transactions from the relevant local housing administrative bureaus are accurate.

Our Directors confirm that, after making reasonable inquires, there is no material adverse change in the market information since the date of the CIA Report which may qualify, contradict, misrepresent or otherwise adversely affect the accuracy and completeness of the information in this section in material respects.

THE PRC PROPERTY MANAGEMENT INDUSTRY

Overview

The history of the PRC property management industry may be traced back to the early 1980s with the establishment of the first property management company in China. Since then, the PRC Government has sought to construct and update a regulatory framework for the PRC property management industry in parallel to its growth. The PRC Government promulgated an increasing number of regulations over the years, with the aim to establish an open market system for the property management industry that served to promote its rapid growth and development. PRC property management companies now provide services in relation to a wide range of properties in addition to residential properties, such as office buildings, shopping centers, industrial parks, schools and hospitals, among others.

Major Fee Models in the PRC Property Management Industry

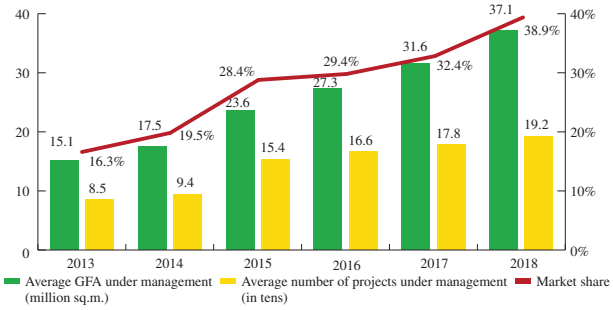
In the PRC, property management companies generate revenue from property management services. In addition, property management companies may also generate revenue from other value-added services, including, among others, consultancy services, engineering services and community value-added services such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

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

Overview of the Top 100 Property Management Companies

In recent years, following rapid urbanization and continuous growth in per capita disposable income, the GFA and number of properties managed by the Top 100 Property Management Companies have increased rapidly. The average total GFA of properties managed by the Top 100 Property Management Companies increased to 37.1 million sq.m. in 2018 from 17.5 million sq.m. in 2014, representing a CAGR of 20.7%. The average number of properties managed by the Top 100 Property Management Companies increased to 192 as of December 31, 2018 from 94 as of December 31, 2014, representing a CAGR of 19.5%. As a result of the growth in GFA and number of properties under management, the average revenue of the Top 100 Property Management Companies increased to RMB886.2 million in 2018 from approximately RMB425.0 million in 2014, representing a CAGR of 20.2%.

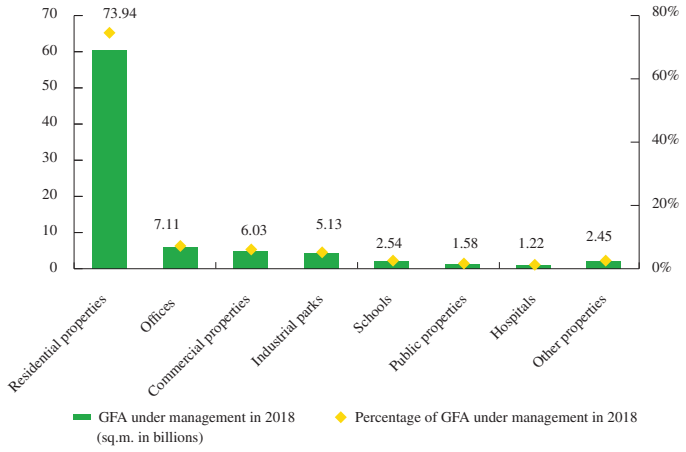
The following chart presents the rise in median GFA under management, median number of properties and market share for the Top 100 Property Management Companies in the years indicated:



Source: CIA

According to CIA, the geographical coverage of the Top 100 Property Management Companies has also expanded in recent years. The average number of cities in which the Top 100 Property Management Companies had operations increased to 29 as of December 31, 2018 from 24 as of December 31, 2014, representing a CAGR of 4.8%.

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



Source: CIA

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

Driven by customer demand and intense competition, property management companies have invested to improve their service quality and paid more attention on their customers' requirements. In terms of traditional property management services, property management companies have introduced variations of the concept of one-stop services, such as "steward service" ("管家服務") and "all-round service" ("全方位服務"), all of which are aimed to provide comprehensive and one-stop solutions to help customers to meet various needs in their daily life. In terms of value-added services, some of the property management companies have established an online and offline community service platform in their efforts to integrate their management and labor resources and diversify offerings of products and services.

According to CIA, the Top 100 Property Management Companies primarily grow their profitability by offering traditional property management services and value-added services. By diversifying their services, adopting upgraded technology and standardization procedures and becoming more automated, the Top 100 Property Management Companies have generally been able to reduce their operating costs and increase their cost efficiency. According to the CIA Report, the operating cost ratio of the Top 100 Property Management Companies was 77.7% and 76.4% in 2017 and 2018, respectively.

Industry Growth Drivers

The growth of the PRC property management industry depends on various key drivers. We discuss certain key growth drivers below.

Favorable Policies

In June 2003, the PRC Government promulgated the Regulations on Property Management (《物業管理條例》), establishing a regulatory framework for the property management industry in China. Since then, a number of laws and rules have come into effect regulating various aspects of the property management industry and numerous policies enacted to promote its development. These include, but are not limited to, the Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services (《國家發展和改革委關於放開部分服務價格意見的通知》) and the Guidance on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (《關於加快發展生活性服務業促進消費結構升級的指導意見》). Furthermore, various provincial and municipal governments have issued their own laws and rules to construct the regulatory frameworks for the local property management industries. We expect that the PRC property management industry will continue to grow on a national scale through government encouragement under the various regulatory frameworks.

The favorable policies promulgated have also allowed significant market potential for non-residential properties. For example, in July 2017 the General Office of the State Council promulgated the Guidance on Establishing Management Systems for Modern Hospitals (《關於建立現代醫院管理制度的指導意見》), which recommended that hospitals, with a view to their specific needs and characteristics, establish management systems that facilitate their smooth and successful operation. It encouraged hospitals to explore the use of one-stop service platforms for that purpose. We believe that such policies will encourage a growing number of owners and managers of non-residential properties to explore the market for professional property management service providers. For more information on laws and regulations related to the property management industry, see "Regulatory Overview" in this prospectus.

Growth in Demand

According to the CIA, China's significant growth in urbanization and per capita disposable income has been the principal driver for the growth of the property management industry. The urbanization rate (being the projected average rate of change of the size of the urban population over the given period of time) in China increased from 31.9% as of December 31, 1997 to 59.6% as of December 31, 2018. The PRC property management industry is expected to continue to grow in tandem with a rising level of urbanization of the country. Moreover, China's rapid economic growth has spurred continuous growth in the per capita disposable income for urban population, which increased to RMB39,251 per annum as of December 31, 2018, representing a CAGR of 7.8% since December 31, 2013. Chinese consumers increasingly demand better living conditions and quality property management services, which is another underlying reason for the growth of the PRC property management

industry. In addition, we believe the emerging middle-to high-income class in the PRC and their growing spending power will have a significant influence on the development of mid-to high-end property management services in the PRC through their demand for more quality products and services.

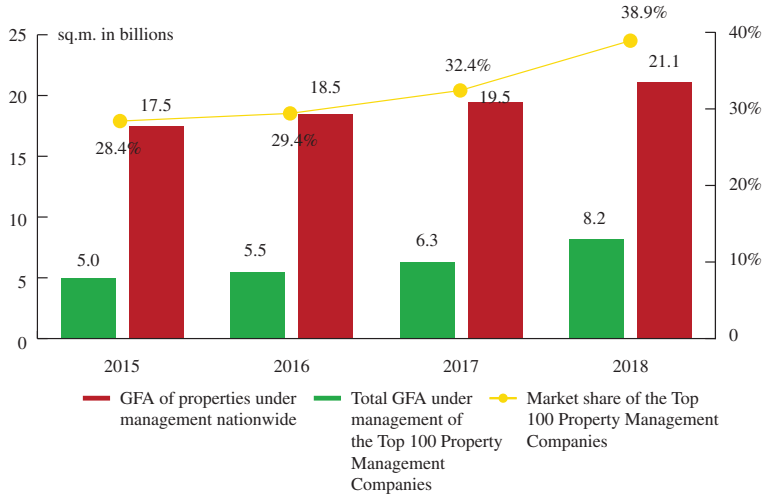
Growth in Supply

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

Trends and Challenges in the PRC Property Management Industry

Increased Market Concentration and Competition

After decades of development, some of the Top 100 Property Management Companies have accelerated their services innovation and business expansion. In addition, the market continues to become more concentrated, and the players in the PRC property management industry are facing increasingly intense market competition. In the competitive PRC property management industry, large-scale property management companies actively improve their strategic layout and accelerate their expansion in order to increase their market share and achieve better results of operations, primarily through organic growth as well as mergers and acquisitions which may expose property management companies to challenges arising from the difficulties in integrating acquired operations with existing businesses. The chart below sets forth the total GFA of property management companies in China, the total GFA managed by the Top 100 Property Management Companies and the aggregate market share of the Top 100 Property Management Companies in terms of the total GFA managed in the years indicated:



Source: CIA

Increasing Adoption of Information Technology in Business and Diversified Services

The lump-sum fee model for property management fees is the dominant fee model in the property management industry in China and according to CIA, the ever-rising labor costs in recent years is a major challenge to the players in the labor-intensive property management industry to maintain sustainable development. The players may experience a decrease in profit margin, or even experience losses, in light of increases in costs and expenses. Many property management companies reduced labor costs and enhanced profitability by leveraging information technologies such as cloud application, e-commerce, Internet of Things ("物聯網"), big data and artificial intelligence. For example, artificial intelligence technologies such as smart entrance pass, smart building management, smart energy management, patrol robots, delivery robots and consultancy robots largely reduced the labor costs of property management companies. In addition, by adopting new technologies and using e-service platforms, property management companies could effectively integrate and allocate resources to provide more diversified community value-added services and further expand their services to common space management, community finance, property agency and housekeeping. As a result, the revenue generated from value-added services to non-property owners and community value-added services increasingly becomes an important source of revenue for property management companies. Moreover, to better control costs and maintain competitiveness, property management companies need to standardize and automate their operations to improve capacity and service quality and to meet diversified customer demands.

Increasing Demand for Professional Staff

The property management industry also faces challenges arising from the difficulty with recruitment of high quality professional staff with relatively low salary level. On one hand, with the rapid technology developments, the property management companies need to recruit more qualified professional talents with management and technological skills. On the other hand, property management companies also increasingly outsource labor-intensive aspects of their operations such as cleaning, landscaping and security to subcontractors while placing greater emphasis on recruiting and training professional and skilled employees to facilitate the implementation of smart management and information technologies and promote innovations to maintain their leading market positions.

Increasing Cooperation and Platform Sharing among Industry Participants

With the transition to standardization and automation in the property management industry, more large-scale property management companies started to provide consultancy services to other property management companies and property developers to expand their geographic presence, showcase their services and abilities, enhance their brand reputation and promote their online service platforms. Such services include property management consulting, automation consulting, engineering consulting and sharing of online service platforms.

Market Potential of Non-Residential Properties

According to CIA, PRC property management companies have been seeking to diversify their management portfolios and include, in addition to residential properties, non-residential properties such as industrial parks, hospitals and schools. In general, property management companies may charge more property management fees for non-residential properties than residential properties. For example, average property management fee rates for residential properties was RMB2.3 per sq.m. per month in 2018. In comparison, average property management fee rates for commercial property, office building, industrial parks and schools in 2018 were RMB7.0 per sq.m. per month, RMB7.8 per sq.m. per month, RMB3.6 per sq.m. per month and RMB3.6 per sq.m. per month, respectively. According to CIA, there is significant market potential for non-residential properties because of (i) the continuous promulgation of various favorable laws and rules in relation to the management of non-residential properties, facilitating the formation of a stable regulatory framework, and (ii) a growing number of owners or operators of non-residential properties delegate their property management to professional service providers in the market.

Growing Focus on Service Quality

According to CIA, consumers place growing emphasis on service quality in selecting their property management service providers. Rather than basing their choices solely on cost considerations, consumers weigh the proposed fees against service quality to determine how to make the best-value purchase. The growth of a middle-to high-income class of consumers that is more willing to pay premiums for quality and increase their discretionary spending has spurred demand for better living conditions. Moreover, high-caliber property management services enhances the value of properties. The Top 100 Property Management Companies have responded to this trend by, among other steps optimizing their traditional property management services and upgrading the quality of their services by applying technological solutions.

HISTORICAL PRICE TRENDS

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

According to CIA, property management companies may reduce their overall cost of sales by innovating with technological solutions and appropriately increasing the proportion of services performed by subcontractors. In recent years, the Top 100 Property Management Companies have actively experimented with and employed technological solutions to automate their business operations. By doing so, the Top 100 Property Management Companies are able to increase operational efficiency and raise service quality. According to CIA, subcontracting allows property management companies to reduce overall labor costs as well as leveraging the expertise of subcontractors in their respective fields to enhance service efficiency.

According to CIA, both the labor and subcontracting costs of Top 100 Property Management Companies increased in both absolute amount and percentage of cost of sales from 2016 to 2018. The average cost of sales of the Top 100 Property Management Companies was approximately RMB576.5 million and RMB677.4 million in 2017 and 2018, respectively. The ratio of labor cost to cost of sales of the Top 100 Property Management Companies was 55.8% and 57.8% in 2017 and 2018, respectively. Moreover, the number of subcontractors of Top 100 Property Management Companies has increased by 30.2% from approximately 0.4 million in 2016 to approximately 0.5 million in 2018.

COMPETITION

Competitive Landscape

The property management market in China is becoming increasingly concentrated. Our property management services primarily compete with large national, regional and local property management companies.

Major property management companies in China experienced steady growth in GFA under management in the past years. Large-scale property management companies gained more advantages in the recent years as they experience fast growth in GFA under management. Major property management companies in China have also experienced steady improvement in profitability due to the increase in GFA under management and effective cost control measures.

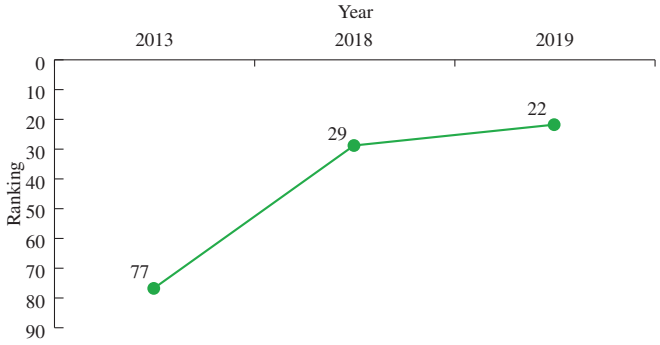
According to CIA, we were ranked 22nd and 19th among the 2019 and 2020 Top 100 Property Management Companies in terms of overall strength in 2019 and 2020, respectively. According to CIA, we are one of the fastest-growing property management companies in China. We were ranked tenth and third in terms of growth rate of revenue and net profit for 2019, respectively, among the top 30 of the 2020 Top 100 Property Management Companies, and were ranked fourth and seventh in terms of growth rate of revenue and net profit for 2018, respectively, among the top 30 of the 2019 Top 100 Property Management Companies. We were also ranked third among the 2019 Top 100 Property Management Companies in China in terms of the proportion of the revenue generated from value-added services to non-property owners and community value-added services to the total revenue based on the relevant operating data for 2018 by the CIA.

According to CIA, the Yangtze River Delta Region is one of the fastest growing and richest regions in China. With the high regional economic development and the urbanization rate in the Yangtze River Delta Region, the disposable income per capita has experienced fast growth in recent years which drove the development of property management service market. The total GFA under management in the Yangtze River Delta Region amounted to approximately 5.0 billion sq.m. in 2018, accounting for 23.7% of the total GFA under management nationwide whereas 65 out of the 2019 Top 100 Property Management Companies are located in the Yangtze River Delta Region. According to CIA, we were ranked first in terms of the proportion of the revenue generated from value-added services to non-property owners and community value-added services to the total revenue based on the relevant operating data for 2018. We were ranked fourth and ninth in terms of the growth rate of revenue, respectively, among the 2019 Top 100 Property Management Companies and the 2020 Top 100 Property Management Companies headquartered in the Yangtze River Delta Region, respectively. Our

market share in terms of the total GFA under our management in the Yangtze River Delta region was approximately 0.1% of the total GFA under management in the Yangtze River Delta Region by all property management companies in China as of December 31, 2018.

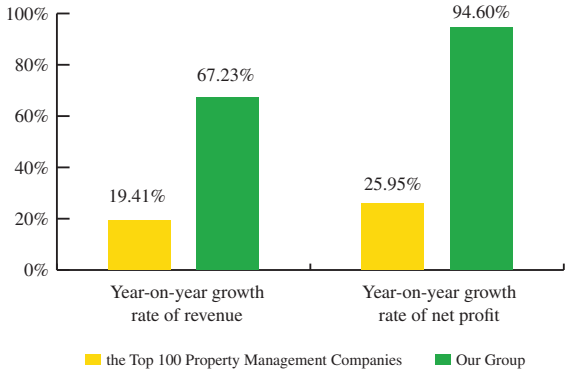
According to CIA, the Western Straits Region, a regional economic zone, has experienced fast overall growth in recent years and the accelerating nominal GDP and urbanization rate of the Western Straits Region continuously stimulate demand of property management services in the region. The total GFA under management in the Western Straits Region reached approximately 1.5 billion sq.m. in 2018, accounting for 7.1% of the total GFA under management nationwide whereas seven out of the 2019 Top 100 Property Management Companies are located in the Western Straits Region. Our market share in terms of GFA under management in the Western Straits Region was approximately 0.2% of the total GFA under management in the Western Straits Region by all property management companies in China as of December 31, 2018.

Ranking of Our Group among the Top 100 Property Management Companies in China in terms of overall strength for selected years from 2013 to 2019



Source: the CIA Report

The graph below shows the comparison of our growth rate of revenue and net profit for 2018[(1)] and the average growth rate of revenue and profit for 2018[(1)] of the 2019 Top 100 Property Management Companies.



Source: the CIA Report

Note:

(1) The growth rate of revenue and net profit is calculated by using the following formula:

$$\text{Growth rate} = \frac{\text{Revenue/net profit of 2018 - Revenue/net profit of 2017}}{\text{Revenue/net profit of 2018}} \times 100.0\%$$

Entry Barriers

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

- *Brand.* The Top 100 Property Management Companies, including ourselves, have built up their brand reputation through decades of services and operations. In contrast, new participants, without any established brand or cultivated business relationship with industry participants, face increasing difficulty in penetrating the market.

- *Capital requirement*. Intensive capital investment is required as the property management companies adopt automation and intelligent technologies to improve their management efficiency through equipment purchase, smart community management and information technology system. Capital availability possesses high barriers to new participants with limited financing ability.

- *Specialization of operations, management and talents*. To better control costs and ensure service quality, property management companies need to standardize and automate their operations to improve their capacity in managing more properties. Large-scale property management companies have more resources to invest in the standardization and automation of their operations than new participants. Furthermore, the wide application of the Internet and modern technologies in the property management industry demands more and more specialized talents. New and small scale property management companies are faced with increasing difficulties in competing against larger companies in recruiting and retaining qualified employees.

Our Competitive Strengths

Some of our key competitive strengths include: (i) we are a nationwide, fast-growing, and comprehensive property management service provider in China; (ii) our long-term relationship with Zhenro Property Group brings us significant support and development capacity; (iii) we have a diversified project portfolio and balanced business development; (iv) we have a known reputation and received wide market recognition through our quality services; (v) we have standardized operation management and effective cost control mechanism; and (vi) we have an experienced management team and sophisticated recruitment and training programs for our talents. For more information, see "Business — Competitive Strengths" in this prospectus.

Our business operations are subject to extensive supervision and regulation by the PRC Government. This section sets out a summary of the material laws, regulations and policies to which we are subject.

LEGAL SUPERVISION OVER PROPERTY MANAGEMENT SERVICES

Foreign Invested Property Management Enterprises

According to the Provisions on Guiding the Orientation of Foreign Investment (《指導外商投資方向規定》) (No. 346 Order of the State Council) (issued by the State Council on February 11, 2002 and came into effect on April 1, 2002), foreign investment projects are divided into four categories, namely "encouraged", "permitted", "restricted" and "prohibited" categories. Foreign investment projects of the encouraged, restricted and prohibited categories are listed in the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》). Foreign investment projects that are not of the encouraged, restricted and prohibited categories belong to the permitted foreign investment projects which are not listed in the Catalogue of Industries for Guiding Foreign Investment.

Pursuant to the Interim Administrative Measures for the Record-filing of the Establishment and Modifications of Foreign Investment Enterprises ("Interim Administrative Measures") (《外商投資企業設立及變更備案管理暫行辦法》) promulgated by Ministry of Commerce on October 8, 2016, amended on July 30, 2017 and June 29, 2018, Interim Administrative Measures shall apply to the establishment and modifications of foreign investment enterprises that are not subject to the approval under the special entry management measures. Where the establishment of foreign investment enterprise falls within the scope of Interim Administrative Measures, when the representatives of the enterprise go through the registration procedures for the establishment with the competent administrations for industry commerce and market supervision, they shall file the recording-filing information with the foreign investment comprehensive administration information system in accordance with Interim Administrative Measures.

On December 30, 2019, the Ministry of Commerce and the State Administration of Market Regulation issued the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and replaced Interim Administrative Measures. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

On March 15, 2019, the National People's Congress approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which came into effect on January 1, 2020 and replaced the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law, and became the legal foundation for foreign investment in the PRC. On December 26, 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020

and replaced the Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law, Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law, the Regulations on Implementing the Wholly Foreign-Invested Enterprise Law and the Regulations on Implementing the Sino-foreign Cooperative Joint Venture Enterprise Law.

The Foreign Investment Law sets out the basic regulatory framework for foreign investments and proposes to implement a system of pre-entry national treatment with a negative list for foreign investments, pursuant to which (i) foreign natural persons, enterprises or other organizations (collectively the "foreign investors") shall not invest in any sector forbidden by the negative list for access of foreign investment, (ii) for any sector restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle that domestic investment and foreign investment shall be treated equally. The Foreign Investment Law also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system in which foreign investors or foreign-funded enterprises shall submit the investment information to competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system.

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (Edition 2019) (《外商投資准入特別管理措施(負面清單)(2019年版)》) issued by the NDRC and the MOFCOM on June 30, 2019 and came into effect on July 30, 2019, the property management service does not fall into such categories which foreign investment is restricted or prohibited.

Qualification of Property Management Enterprises

According to the Regulations on Property Management (《物業管理條例》) (No. 379 Order of the State Council) issued by the State Council on June 8, 2003, came into effect on September 1, 2003 and revised on August 26, 2007 and February 6, 2016, a qualification system for companies engaging in property management activities has been adopted.

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》) issued by the State Council on January 12, 2017 and came into effect on the same day, second class or below property management company qualifications acknowledged by Provincial and municipal government departments of Housing and Urban-Rural Development were 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》) issued by the State Council on September 22, 2017 which came into effect on the same day, qualification accreditation for property management enterprises of Level One 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》) issued by the General Office of Ministry of Housing and Urban-Rural Development on December 15, 2017 and came into effect on the same day, application, change, renewal or re-application of the qualifications of property management enterprises shall not be accepted, and the qualifications obtained already shall not be a requirement for property management enterprises to undertake new property management projects.

On March 19, 2018, the State Council issued Decision of the State Council to Amend and Repeal Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) (Order of the State Council No. 698), according to which the Regulations on Property Management (《物業管理條例》) was amended. The Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正) has removed the qualification accreditation of the property management enterprises.

Appointment of Property Management Companies

According to the Property Law of the PRC (《中華人民共和國物權法》) (No. 62 Order of the President of the PRC) issued by the National People's Congress on March 16, 2007 and came into effect on October 1, 2007, property owners can either manage the buildings and ancillary facilities by themselves or engage a property management company or custodians. As regards the property management company or any other custodians hired by the developer, property owners are entitled to alter it in accordance with law. Property management companies or other custodians shall manage the buildings and ancillary facilities within the area of the building as agreed with the property owners, and shall be subject to the supervision by them.

According to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), a general meeting of the property owners of a community can engage or dismiss the property management companies with affirmative votes of owners who own more than half of the total GFA of the exclusive area of the community and who account for more than half of the total number of the property owners. Property owners' association, on behalf of the general meeting, shall sign property management contract with property management companies engaged at the general meeting. Before the engagement of a property management company by property owners and a general meeting of the property owners, a written preliminary service contract should be entered into between the property developer and the selected and engaged property management company. The preliminary property management contract may stipulate the contract duration. If the property management contract signed by the property owners' association and the property management company comes into force within the term of preliminary property management, the preliminary property management contract automatically terminates. Property developers of residential buildings shall enter into preliminary property management service agreements with property management enterprises through tender process in accordance with the Regulations on Property Management.

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

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

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

Fees Charged by Property Management Enterprises

According to the Measures on the Charges of Property Management Enterprise (《物業服務收費管理辦法》) which was jointly issued by the NDRC and the Ministry of Housing and Urban-Rural Development on November 13, 2003 and came into effect on January 1, 2004, property management companies are permitted to charge fees from owners for the repair, maintenance and management of houses and ancillary facilities, equipment and venues and maintenance of the sanitation and order in relevant regions according to related property management service contract.

The fees charged by property management companies nationwide are regulated by the competent price administration department and construction administration department of the State Council. The competent price administration department of the local people's governments at or above the county level and the competent property administration departments at the same level are responsible for supervising and regulating the fees charged by property management companies in their respective administrative regions.

The fees charged by property management companies shall be determined with references to the government guidance price or market price, which is based on the nature and features of relevant properties to which the property management services are provided. The specific pricing principles shall be determined by the competent price administration departments and property administration departments of the local governments of each province, autonomous region and municipality. According to the Measures on the Charges of Property Management Enterprise (《物業服務收費管理辦法》) and the relevant local regulations, where property service charges are priced under the government guidance, the competent price government department together with the competent real estate department shall set the benchmark prices and the range of variations depending on such factors as (i) the specific property type, which may include higher-level apartment buildings with elevators and lower-level apartment building without elevators, (ii) service scope, which may specify different types of services, such as landscaping, repair and maintenance for common areas and elevator maintenance, and (iii) the grading criteria of property service charges, and publish these prices and the range of variations at regular intervals. For Yichun, the local government departments do not set any price guidelines for property management services for villas and non-residential properties but for government-supported houses and residential properties. For Tianjin, the local government departments set forth guidance prices for property management services to residential properties (excluding villas) and government-supported houses (which are adjusted on a regular basis) and allows the prices to 20% more or less than the guidance prices. Accordingly, the specific government guidance prices in different cities vary mainly depending on the property type, the existing condition of the local property management market, and the local government departments' policies with respect to the property management market. In recent years, the property management industry has generally seen supportive polices from the central and local governments that are aimed to stimulate the development of the sector, which included policy relaxation by local government on price guidance. For example, in accordance with the Residential Property Management Regulation of Shanghai (《上海市住宅物業管理規定》), Shanghai loosened the price control on the local property management market by removing the government guidance prices for residential properties in March 2019. Where property service charges are priced by market, property owners and property management enterprises shall agree on the charges in property management service agreements.

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

Property management companies shall charge service fees at an expressly marked prices according to the regulations of competent price administration departments of the people's government, revealing the service information, standards, charged 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》), which was jointly issued by the NDRC and the Ministry of Construction on July 19, 2004 and came into effect on October 1, 2004, property management companies shall clearly mark the price, state service items and standards and relevant information on services (including the property management services as stipulated in the property management service agreement as well as other services requested by property owners) provided to the owners. If the charging standard changes, property management companies shall adjust all relevant information one month before implementing the new standard and indicate the date of implementing the new standard.

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

According to the Circular of NDRC on the Opinions on Liberalizing Price Controls in Certain Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》), which was promulgated by NDRC and became effective on December 17, 2014, the competent price departments of all provinces, autonomous regions and direct municipalities under the PRC Government are supposed to perform relevant procedures to liberalize the prices of the following types of services that have met the relevant conditions:

(1) Property management services for non-government-supported houses. Property management fees are fees charged by property management service providers for the maintenance, conservation and management of non-government-supported houses, their supporting facilities and equipment and the relevant sites thereof, maintaining the environment, sanitation, and order within the geographical scope of the managed properties, and other actions entrusted by the property owner in accordance with the property management service contract. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, implement government guidance prices for property management fees charged in relation to government-supported houses, houses under housing reform, older residential communities and preliminary property management services with regard to the actual situation.

(2) Parking services in residential communities. Fees charged by property management service providers or parking service companies from property owners or users of residential areas for the providing and management of parking spaces and parking facilities in accordance with the agreed parking service contract.

LEGAL SUPERVISION OVER THE INTERNET INFORMATION SERVICES

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was issued by the State Council on September 25, 2000 and came into effect on the same day and revised on January 8, 2011, Internet information service refers to the provision of information through Internet to web users, and includes two categories: commercial and non-commercial. Commercial internet information service refers to the service activities of charged provision to online subscribers through the internet of information or website production. Non-commercial Internet service refers to the provision free of charge of public, commonly-shared information through the Internet to web users.

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

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

LEGAL SUPERVISION OVER REAL ESTATE BROKERAGE BUSINESS

According to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》), issued by the Standing Committee of the National People's Congress on July 5, 1994, came into effect on January 1, 1995 and revised on August 30, 2007, August 27, 2009 and August 26, 2019, real estate intermediate service agencies include real estate consultants, real estate evaluation agencies, real estate brokerage agencies, etc. Real estate intermediate agencies shall meet the following conditions: (1) have their own name and organization; (2) have a fixed business site; (3) have the necessary assets and funds; (4) have a sufficient number of professionals; (5) other conditions specified by laws and administrative regulations.

According to the Administrative Measures for Real Estate Brokerage (《房地產經紀管理辦法》), issued by the MOHURD, NDRC and Ministry of Human Resources and Social Security on January 20, 2011, came into effect on April 1, 2011 and revised on March 1, 2016, real estate brokerage refers to the acts of providing intermediary and agency services to and collecting commissions from clients by real estate brokerage institutions and real estate brokers for the purpose of promoting real estate transactions. Sufficient number of real estate agents shall be equipped to establish real estate brokerage agencies and their branches. Real estate brokerage agencies and their branches shall go to the competent housing and urban-rural development (real estate) authority for handling the filing formalities within 30 days from the date of receiving business licenses.

LEGAL SUPERVISIONS OVER LABOR PROTECTION IN THE PRC

According to the Labor Law of the PRC (《中華人民共和國勞動法》) which was issued by the Standing Committee of the National People's Congress on July 5, 1994, came into effect on January 1, 1995 and amended on August 27, 2009 and December 29, 2018, employers shall develop and improve their rules and regulations in accordance with the law to ensure that workers enjoy their labor rights and perform their labor obligations. Employers shall develop and improve the system of labor safety and sanitation, strictly implement the national protocols and procedures on labor safety, guard against labor safety accidents and reduce occupational hazards. Labor safety and sanitation facilities shall meet the relevant national standards. Employers must provide workers with the necessary labor protection equipment that meets the

safety and hygiene conditions stipulated under national regulations by the State, and conduct regular health checks for workers who engage in operations with occupational hazards. Laborers engaged in special operations must have received specialized training and obtained the pertinent qualifications.

According to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) issued by the Standing Committee of the National People's Congress on June 29, 2007, came into effect on January 1, 2008 and revised on December 28, 2012, came into effect on July 1, 2013 and the Implementation Regulation on Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (No. 535 Order of the State Council), promulgated by the State Council on September 18, 2008 and became effect on the same day, regulate both parties through a labor contract, namely the employers and the employees, and contain specific articles involving the terms of the labor contract. Meanwhile, it is stipulated that labor contracts must be concluded in written forms, upon reaching an agreement after due negotiation, an employer and an employee may enter into a fixed-term labor contract, a non-fixed-term labor contract or a labor contract that concludes upon the completion of certain work assignments. After reaching an agreement upon due negotiation with employees or by fulfilling other circumstances in line with legal conditions, an employer may legally terminate a labor contract and dismiss its employees. Labor contracts concluded before the enactment of Labor Contract Law and existing during its effective term shall continue to be honored. With respect to circumstances where an employment relationship has already been established without the conclusion of a written labor contract before the enactment of Labor Contract Law, the written labor contract shall be concluded within one month from the date on the enactment of Labor Contract Law.

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the Standing Committee of the National People's Congress on October 28, 2010 and became effective on July 1, 2011 and further amended on December 29, 2018, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. An employer shall make registration with the local social insurance agency in accordance with the provisions of the Social Insurance Law of PRC. 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 still 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 staff and other directly responsible persons shall be fined RMB500 to RMB3,000. Also, it has consolidated the legal obligations and liabilities of employers who fail to promptly contribute social insurance contributions in full amount, those employers shall be ordered by the social insurance collection agency to make or supplement contributions within a designated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day of the outstanding contribution amount; where payment is not made within the designated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the outstanding contribution amount.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), issued by the State Council on April 3, 1999 and became effective on the same day, and was amended on March 24, 2002 and March 24, 2019, the housing provident fund contributions made by an individual employee and housing provident fund contributions made by his or her employer shall be owned by the individual employee. Employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund payments and deposit registrations with the housing provident fund administrative center. For enterprises who violate the laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration provident fund accounts for their employees within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory enforcement.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》), issued by the Standing Committee on August 23, 1982, came into effect on March 1, 1983 and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 24, 2019 and the Implementation Regulation of the PRC trademark Law (《中華人民共和國商標法實施條例》), adopted by the State Council on April 29, 2014 and came into effect on May 1, 2014). The Trademark Office under the SAMR handles trademark registration and grants registered trademarks for a validity period of 10 years. Trademarks may be renewable every ten years where a registered trademark needs to be used after the expiration of its validity period. Trademark registrants may license, authorize others to use their registered trademark by signing up a trademark license contract. The trademark license agreements shall be submitted to the trademark office for recording. For trademarks, trademark law adopts the principle of "prior application" with respect to trademark registration. Where a trademark under registration application is identical with or similar to another trademark that has, in respect of the same or similar commodities or services, been registered or, after preliminary examination and approval, this application for such trademark registration may be rejected. Anyone applying for trademark registration shall not prejudice the existing right first obtained by anyone else, or forestall others by improper means in registering a trademark which others have already begun to use and enjoyed certain degree of influence.

Copyright Law

The Copyright Law of the PRC (《中華人民共和國著作權法》), issued by the Standing Committee of the National People's Congress on September 7, 1990, came into effect on June 1, 1991 and revised on October 27, 2001 and February 26, 2010, providing that works of Chinese citizens, legal persons or other organizations, which include, works of literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, enjoy copyright in their works. Copyright holders may enjoy multiple rights, which include the right of publication, the right of authorship and the right of reproduction.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates registrations of software copyright, the exclusive licensing contracts for software copyright and transfer contracts of software copyright. The National Copyright Administration of PRC shall be competent authority for the registration and management of national software copyright and the Copyright Protection Center of China is the software registration organization authority. The Copyright Protection Center of China shall grant registration certificates to the computer software copyright applicants which conforms to the regulations of both the Computer Software Copyright Registration Measures and the Regulations on Protection of Computers Software (《計算機軟件保護條例》), issued by the State Council on June 4, 1991, and amended on December 20, 2001, and further revised on January 8, 2011 and January 30, 2013.

Provisions of the Supreme People's Court on Certain Issues Concerning the Application of Law in the Trail of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks (《最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定》), issued by the Supreme People's Court on December 17, 2012 and came into effect on January 1, 2013, provides that web users or web service providers who, through information networks, create works, performances, or audio-video products in which the right holders enjoy the transmission right of information network without due authorization, they shall be deemed to have infringed upon the transmission right of information network by the people's court.

Domain Name

The Measures on the Administration of Domain Names (《互聯網域名管理辦法》), issued by the Ministry of Industry and Information Technology on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology shall be responsible for managing Internet network domain names in PRC. The principle of "first-to-file" is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration with the true, accurate and complete information relating to the domain name to be applied for, and sign the registration agreements as well. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

LEGAL REGULATIONS OVER TAX IN THE PRC

Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "EIT Law"), promulgated by the National People's Congress on March 16, 2007 and came into effect on January 1, 2008 and revised on February 24, 2017 and December 29, 2018 and the Implementation Regulations on the Corporate Income Tax Law (《企業所得税法實施條例》) ("Implementation Regulations of the EIT Law"), issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and was amended on April 23, 2019, the tax rate of 25% will be applied to the income related to all PRC enterprises, foreign-invested enterprises and foreign enterprises which have established production and operation facilities in the PRC. These enterprises are classified into as either resident enterprises or non-resident enterprises. Enterprises which are established in accordance with the law of the foreign country or region, but whose actual administration institutions (referring to the institutions conducting substantive and all-around management and control over the enterprises production, operation, personnel, accounting matters, finance, etc.) are in PRC, are deemed as resident enterprises. Thus, the tax rate of 25% applies to their income from both inside and outside PRC.

According to the EIT Law and the Implementing Regulations of the EIT Law, for dividends payable to investors that are non-resident enterprises (who do not have organizations or places of business in the PRC, or that have organizations and places of business in PRC but to whom the relevant income tax is not effectively connected), 10% of the PRC withholding tax shall be paid, unless there are any applicable tax treaties are reached between the jurisdictions of non-resident enterprises and the PRC which may reduce or provide exemption to the relevant tax. Similarly, any gain derived from the transfer of shares by such investor, if such gain is regarded as income derived from sources within the PRC, shall be subject to 10% PRC income tax rate (or a lower tax treaty rate (if applicable)).

According to the Arrangements between 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税和防止偷漏税的安排》), issued by State Administration of Taxation on August 21, 2006 and became effective on December 8, 2006, a company incorporated in Hong Kong will be subject to withholding a 25% interest 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 in accordance with the laws and regulations. According to the Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties (《國家税務總局關於税收協定中"受益所有人"有關問題的公告》), which was issued by State Administration of Taxation on February 3, 2018 and came into effect on April 1, 2018, a beneficial ownership analysis will be used based on a substance-over form principle to determine whether or not to grant tax treaty benefits.

According to the Announcement 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》) ("Announcement"), issued by State Administration of Taxation on February 3, 2015 came into effect on the same day, and revised on October 17, 2017 and December 29, 2017, where a non-resident enterprise indirectly transfers equities and other assets of a PRC resident enterprise to avoid the enterprise income tax payment obligation by making an arrangement with no reasonable business purpose, such indirect transfer shall be redefined and recognized as a direct transfer in accordance with the provisions of the EIT 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 Announcement, 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.

Value-added Tax

According to the Temporary Regulations on Value-Added Tax (《中華人民共和國增值稅暫行條例》), issued on December 13, 1993 by the State Council, came into effect on January 1, 1994 and last amended on November 19, 2017 and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》), issued on December 25, 1993 by the Ministry of Finance, and became effective on the same day and revised on December 15, 2008 and October 28, 2011 (collectively, the "VAT Law"), taxpayers who engaged in the sale of goods, the provision of processing, repairing and replacement services, sell service, intangible assets or immovables or import goods within the territory of the PRC must pay value-added tax. Other than those specified listed in the VAT law, tax rate for selling services or intangible assets is 6%.

Furthermore, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》), issued by the Ministry of Finance and the State Administration of Taxation on March 23, 2016, came into effect on May 1, 2016, the state started to fully implement the pilot program from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

City Maintenance and Construction Tax and Educational Surcharges

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

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

According to the Temporary Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》), issued by the State Council on April 28, 1986, came into effect on July 1, 1986 and revised on June 7, 1990, August 20, 2005 and January 8, 2011, the tax rate of education surcharges shall be 3% of the actual amount of consumption tax, value-added tax and business tax paid by the entities and individuals and paid at the same time along with the above taxes.

REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》), promulgated by the State Council on January 29, 1996, came into effect on April 1, 1996 and amended on January 14, 1997 and August 5, 2008, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE is obtained.

Pursuant to the Notice of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-tripping Investment Made by Domestic Residents through Special-Purpose Companies (《國家外匯管理局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》) ("Circular 37"), promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident ("PRC Resident") shall register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle ("Overseas SPV"), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (b) 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 Overseas SPV, including, among other things, a change of the Overseas SPV's PRC Resident shareholder(s), name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant 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》) ("Circular 13"), which was promulgated on February 13, 2015 and with effect from June 1, 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the Circular 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

REGULATION RELATING TO M&A RULES

According to the Provisions Regarding 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》) ("M&A Rule"), which was promulgated on August 8, 2006 and became effective on September 8, 2006, and was later amended on June 22, 2009, which provided that the scenarios qualify as an acquisition of a domestic enterprise by a foreign investor.

In addition, according to the Interim Administrative Measures, where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Interim Administrative Measures, it shall complete the record-filing formalities for incorporation and submit the Incorporation Application in accordance with the Interim Administrative Measures.

Since January 1, 2020, Interim Administrative Measures was replaced by the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), in accordance with which, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities.

OUR HISTORY AND DEVELOPMENT

History

Our history can be traced back to 2000, when Zhenro Property Services was established in China by Mr. ZR Ou and Zhenro Group to provide property management services for residential property projects of Zhenro Group. We started providing property management services for residential property projects of Zhenro Property Group (then part of Zhenro Group prior to the listing of Zhenro Properties on the Stock Exchange in January 2018) in Fujian Province in 2004. Throughout the years, we had accumulated extensive experience in providing quality property management services for residential properties in the PRC. In addition to providing property management services for the residential property projects of Zhenro Property Group, we started providing property management services for the residential property projects of other third-party property developers in 2017, which have further established our market reputation as a quality property management service provider among a broader base of customers.

While residential properties have historically attributed to a large portion of our revenue, we also seek to diversify our portfolio of managed properties to include other types of properties. In 2017, we started providing property management services for non-residential properties. The non-residential properties under our management include government and public facilities, office buildings, industrial parks and schools. In addition to the provision of property management services, our scope of services also includes the provision of a comprehensive range of value-added services, including value-added services to non-property owners and community value-added services to property owners and residents.

We pride ourselves on being a nationwide, fast-growing and comprehensive property management service provider capable of preserving and enhancing the value of our customers' properties. Headquartered in Shanghai since 2016, our geographic presence spanned over 34 cities and covered four major regions in the PRC as of December 31, 2019. The number of projects under our management grew from 89 with a total GFA of approximately 9.4 million sq.m as of December 31, 2017, to 149 in 21 cities with a total GFA of 22.9 million sq.m as of December 31, 2019. The total number of projects which we were contracted to manage increased from 117 with a total contracted GFA of approximately 16.2 million sq.m as of December 31, 2017, to 232 with a total contracted GFA of 37.0 million sq.m as of December 31, 2019. We were ranked 22nd and 19th among the Top 100 Property Management Companies in China in terms of overall strength by CIA in 2019 and 2020, respectively.

Over the years, Mr. ZR Ou and Mr. GQ Ou have not served as director of our Company or any member of our Group and have not been involved in the daily operation and management of our Group. The operations and management of our Group have been entrusted to our management team, led by Mr. Huang Liang and Mr. Huang Sheng, our executive Directors. To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no facts and circumstances that render Mr. ZR Ou and Mr. GQ Ou not suitable to be a Director.

Business Development Milestones

The following table sets out a summary of our Group's major business development milestones:

Year	Milestone
2000	Zhenro Property Services was established in China.
2004	We started providing property management services for Projects Developed by Zhenro Property Group in Fujian province.
2006	One of our managed projects, namely, Zhenro Landscape Villa (正榮•麗景山莊), was recognized as a National Property Management Demonstration Residential Community (全國物業管理示範住宅社區) by the Ministry of Housing and Urban-Rural Development of the PRC.
2007	We started providing value-added services to non-property owners.
2010	We became one of the council members on China Property Management Association (中國物業管理協會).
2011	We obtained Level One Property Management Qualification (一級物業服務企業資質) from the Ministry of Housing and Urban-Rural Development of the PRC. We obtained the Industry Outstanding Contributor Award (行業突出貢獻獎) from the China Property Management Association.
2015	One of our managed projects, namely, Zhenro Yupin Lanwan (正榮•御品蘭灣), was recognized as the 2015 Provincial Property Management Model Residential District (2015年度全省物業管理示範住宅小區) by the Department of Housing and Urban-Rural Development of Fujian Province.
2016	One of our managed projects, namely, Zhenro Yupin Shijia (正榮•御品世家), was recognized as the 2016 Provincial Property Management Model Residential District (2016年度全省物業管理示範住宅小區) by the Department of Housing and Urban-Rural Development of Fujian Province.
2017	We completed the acquisition of Jiangsu Aitao and expanded our project portfolio to include certain new types of non-residential properties such as government and public facilities.

Year	Milestone
	We started providing property management services to third-party property developers other than Zhenro Property Group.
	We enriched our portfolio of community value-added services by providing home living-services to our residents.
2018	We were recognized as one of the 2018 Best 20 of China's Property Management Enterprises by Brand Value (2018年中國物業管理企業品牌價值20強) and 2018 Best 30 of China's Property Management Enterprises by Overall Strength (2018年中國物業管理企業綜合實力30強) by China Real Estate Association (中國房地產業協會).
2019	We completed the acquisition of Jiangsu Sutie and further expanded our project portfolio to include new types of non-residential properties, such as schools.
	We were ranked 22nd among Top 100 Property Management Companies in China (2019中國物業服務百強企業) in terms of overall strength by CIA.
	Our managed project, namely Nanjing Zhenro Runfeng Garden (南京正榮潤峯花園), was recognized as China Property Service Industry Model Unit (2019年中國物業服務行業示範基地) by CIA.
	We were ranked 17th among the 2019 Community Service Providers in China (2019中國社區服務商第17名) by Yihan Zhiku.
2020	We were ranked 19th among the Top 100 Property Management Companies in China (2020中國物業服務百強企業) in terms of overall strength by CIA.

OUR CORPORATE DEVELOPMENTS

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on December 17, 2018, and became the holding company and listing vehicle of our Group upon completion of the Reorganization. See "— Reorganization" in this section below.

Our operating subsidiaries in the PRC

As of the Latest Practicable Date, our business operations had been carried out by our operating subsidiaries established or acquired by our Group in the PRC. Set out below are the major corporate developments including major changes in the equity interests in our operating subsidiaries in the PRC during the Track Record Period:

Fujian Zhenro

Fujian Zhenro is the intermediate holding company of our operating subsidiaries in the PRC and is the centralized management platform for our operations. It was established in the PRC with limited liability on March 8, 2013 with a registered capital of RMB10,000,000, fully paid up by cash, and was wholly-owned by Zhenro Group Company as of the date of its establishment.

As part of the Reorganization, Zhenro Group Company transferred 5% of its equity interest in Fujian Zhenro to Future Prosperity (HK) on January 29, 2019 and 95% of its equity interest in Fujian Zhenro to Fuzhou Huihua on February 27, 2019. See "— Reorganization" in this section below.

Zhenro Property Services

Zhenro Property Services is principally engaged in provision of property management services. It was established in the PRC with limited liability on February 2, 2000 with an initial registered capital of RMB800,000, fully paid up by cash, and was owned as to 60% by Mr. ZR Ou and 40% by Jiangxi Zhenro Property Development Co., Ltd. (江西省正榮房地產開發有限公司), a then wholly-owned subsidiary of Zhenro Group Company.

Subsequent to a series of equity transfers, since April 25, 2013, Zhenro Property Services has been wholly-owned by Fujian Zhenro. On August 18, 2015, its registered capital has been increased to RMB50,000,000, fully paid up by cash. There has been no change in the equity interest in Zhenro Property Services since then.

Jiangxi Meishi

Jiangxi Meishi was established to engage in provision of property agency services. It was established in the PRC with limited liability on June 6, 2019 with a registered capital of RMB2,000,000 to be fully paid up pursuant to the articles of association of Jiangxi Meishi. Since its establishment, Jiangxi Meixi has been wholly-owned by Zhenro Property Services.

Yichun Shouweida

Yichun Shouweida was established to engage in our utilities installation and maintenance services. It was established in the PRC with limited liability on January 15, 2015 with a registered capital of RMB1,000,000, fully paid up by cash. Since its establishment, Yichun Shouweida has been wholly-owned by Zhenro Property Services.

Hubei Changfang Zhenro

Hubei Changfang Zhenro is principally engaged in provision of property management services. It was established in the PRC with limited liability on July 30, 2018 with a registered capital of RMB5,000,000 to be fully paid up pursuant to the articles of association of Hubei Changfang Zhenro. Since its establishment, Hubei Changfang Zhenro has been owned as to 51% by Zhenro Property Services and 49% by Hubei Hongda Property Management Co., Ltd. (湖北宏達物業管理有限公司), an Independent Third Party (other than being a substantial shareholder of Hubei Changfang Zhenro).

Suzhou Keli

Suzhou Keli was established to engage in provision of property agency services. It was established in the PRC with limited liability on July 10, 2019 with a registered capital of RMB1,000,000 to be fully paid up pursuant to the articles of association of Suzhou Keli. Since its establishment, Suzhou Keli has been wholly-owned by Zhenro Property Services.

Zhenro Property Management

Zhenro Property Management was established to engage in provision of property management services. It was established in the PRC with limited liability on April 24, 2019 with a registered capital of RMB50,000,000 to be fully paid up pursuant to the articles of association of Zhenro Property Management. Since its establishment, Zhenro Property Management has been wholly-owned by Fujian Zhenro.

Fuzhou Zhenro

Fuzhou Zhenro is principally engaged in provision of property management services. It was established in the PRC with limited liability on September 17, 2010 with a registered capital of RMB1,000,000, fully paid up by cash, and was wholly-owned by Zhenro Property Services as of the date of its establishment.

Due to internal restructuring, on June 8, 2013, Zhenro Property Services transferred its entire equity interest in Fuzhou Zhenro to Fujian Zhenro at a consideration of RMB1,000,000, which was determined based on the amount of the registered capital of Fuzhou Zhenro at the time of the equity transfer. Upon completion of such equity transfer, Fuzhou Zhenro has been wholly-owned by Fujian Zhenro since then.

Changsha Aitao

Changsha Aitao was established to engaged in provision of property management services. It was established in the PRC with limited liability on March 6, 2018 with a registered capital of RMB5,000,000 to be fully paid up pursuant to the articles of association of Changsha Aitao. Since its establishment, Changsha Aitao has been wholly-owned by Jiangsu Aitao.

Xiamen Zhenro

Xiamen Zhenro was established to engage in provision of property management services. It was established in the PRC with limited liability on June 17, 2020 with a registered capital of RMB1,000,000 to be fully paid up pursuant to the articles of association of Xiamen Zhenro. Since its establishment, Xiamen Zhenro has been wholly-owned by Fuzhou Zhenro.

Acquisitions during the Track Record Period

Jiangsu Aitao

Jiangsu Aitao was established in the PRC with limited liability on February 12, 2001 and is principally engaged in provision of property management services. For the purpose of expanding into the market of non-residential property management, including the management of government and public facilities in which Jiangsu Aitao has been managing, on August 9, 2017, Fuzhou Zhenro entered into a state-owned property rights transfer agreement with Jiangsu Holly Corporation (江蘇弘業股份有限公司), an Independent Third Party, pursuant to which Fuzhou Zhenro acquired 35% of the equity interest in Jiangsu Aitao from Jiangsu Holly Corporation through public auction (the "**First Acquisition**"), at a consideration of RMB7,000,000.16, which was the price of the 35% equity interest in Jiangsu Aitao in the open bid auction. The consideration was settled in full on August 11, 2017 and the First Acquisition was completed on August 24, 2017. Upon completion of the First Acquisition, Jiangsu Aitao was owned as to 65% by Pu Ming (蒲明) (a director of Jiangsu Aitao) and 35% by Fuzhou Zhenro. On September 21, 2017, Fuzhou Zhenro entered into an equity transfer agreement with Pu Ming, pursuant to which Fuzhou Zhenro acquired the remaining 65% of the equity interest in Jiangsu Aitao from Pu Ming (the "**Second Acquisition**") at a consideration of RMB13,000,000, which was determined with reference to the auction price of the First Acquisition. The consideration was settled on October 25, 2017 and the Second Acquisition was completed on October 20, 2017. Upon the completion of the First Acquisition and the Second Acquisition, Jiangsu Aitao became wholly-owned by Fuzhou Zhenro.

Jiangsu Sutie

Jiangsu Sutie was established in the PRC with limited liability on January 4, 2001 and is principally engaged in provision of property management services. For the purpose of further expanding to the market of non-residential property management including the management of schools in which Jiangsu Sutie has been managing, our Group commenced negotiations with Li Wende (黎文德) and Tang Weibing (唐偉兵), both being directors and shareholders of

Jiangsu Sutie, in late 2018 for the acquisition of the majority equity interest in Jiangsu Sutie. In December 2018, the parties reached an agreement that Fujian Zhenro would acquire 70% of the equity interest in Jiangsu Sutie for a total consideration of RMB70,000,000, which was determined after arm's length negotiation with reference to the then net asset value of Jiangsu Sutie as well as its business prospects having regard to its client base and project portfolio, subject only to the preparation of the formal transfer documents and completion of the administrative procedures of such transfer. As part of the agreement reached between the parties, having taken into account that the commercial terms have been substantially agreed between the parties, it was agreed that Fujian Zhenro would (i) exercise control over the management of Jiangsu Sutie by appointing the majority of the members of the board of directors of Jiangsu Sutie; and (ii) be entitled to receive its portion of economic interest from January 1, 2019 until the completion of the acquisition if there was any distribution. On June 15, 2019, an equity transfer agreement was entered into among Fujian Zhenro, Li Wende and Tang Weibing, upon the finalization of the terms of the equity transfer agreement and completion of certain administrative procedures. The acquisition was completed in June 2019 and upon which, Fujian Zhenro became the registered shareholder of Jiangsu Sutie. The consideration of such acquisition was agreed to be settled in three installments:

(1) the first installment of RMB49,000,000 was settled on July 4, 2019;

(2) the second installment of RMB14,000,000 was settled on June 17, 2020; and

(3) the remaining balance of RMB7,000,000 to be settled within 15 days of the issue of the audited report for 2020 of Jiangsu Sutie (which our Directors expect to be no later than June 15, 2021), provided that (a) the parties have agreed with the amount of adjustment to be made to the third installment in case there is a breach of any term of the equity transfer agreement; (b) no actions or proceedings have been commenced by the relevant PRC government authorities prohibiting or restricting the completion of the acquisition or the operations of Jiangsu Sutie; and (c) the representations and warranties under the equity transfer agreement remain true and accurate.

Our Directors believe that the settlement arrangement, which was agreed between the parties after arm's length negotiation, helps to safeguard our Group's interest and manage the acquisition risks by ensuring those pre-conditions will be fulfilled prior to the settlement of the relevant installments. Our Directors confirm that, to their best knowledge and belief, as of the Latest Practicable Date, the change of the directors and senior management of Jiangsu Sutie had been completed and registered with the relevant PRC government authorities, and they were not aware of circumstances which may prevent any of the pre-conditions from being fulfilled prior to the settlement of the relevant installments. Upon the completion of the acquisition in June 2019, Jiangsu Sutie became owned as to 70% by Fujian Zhenro, 15% by Li Wende and 15% by Tang Weibing.

Our Directors have confirmed that none of the applicable percentage ratios as defined under the Listing Rules in respect of any of the above acquisitions exceeds 25%. Accordingly, the relevant pre-acquisition financial information of Jiangsu Aitao or Jiangsu Sutie is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules.

Investment in an associate

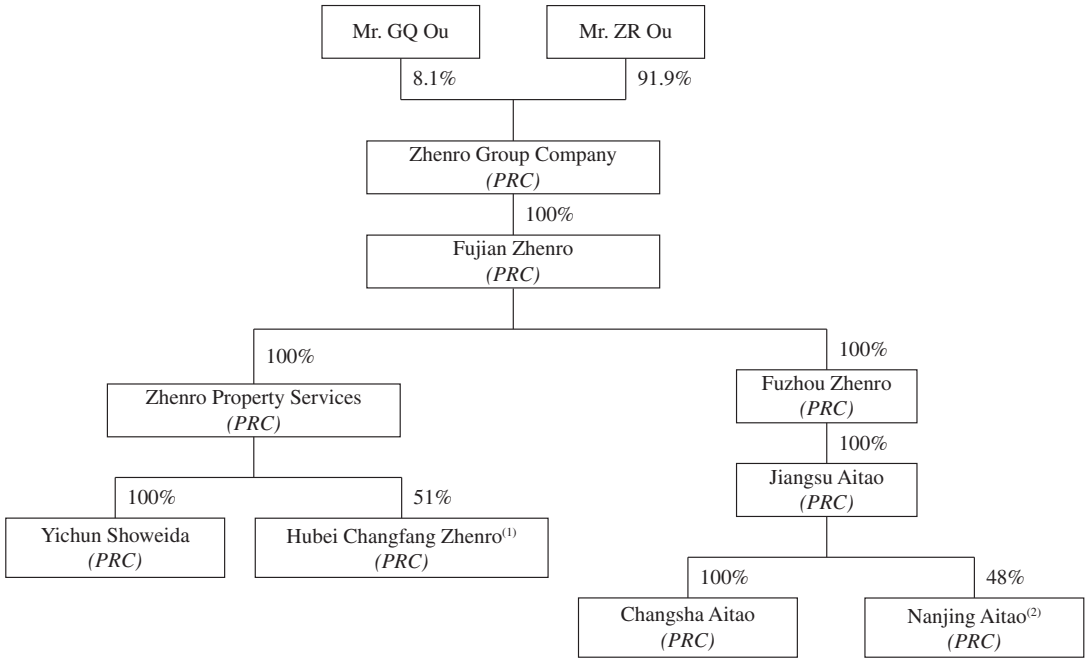
Nanjing Aitao

Nanjing Aitao was established in the PRC with limited liability on April 22, 2003 with a registered capital of RMB500,000, fully paid up by cash, and is principally engaged in the provision of property management services. Since its establishment, Nanjing Aitao has been owned as to 52% by Nanjing Fenghui Property Development Co., Ltd. (南京豐匯房地產開發有限公司), an Independent Third Party, and 48% by Jiangsu Aitao. According to the articles of association of Nanjing Aitao, distributable profits shall be paid to its shareholders pursuant to their respective equity interest in Nanjing Aitao. As a result of the acquisition of Jiangsu Aitao by our Group, Nanjing Aitao became our associate. See " — Acquisitions during the Track Record Period - Jiangsu Aitao" in this section above.

REORGANIZATION

In preparation for the Listing, we underwent the Reorganization pursuant to which our Company became the holding company and listing vehicle of our Group and our PRC operations were transferred to our Company.

The following chart sets forth our shareholding structure immediately before the Reorganization:



Notes:

(1) Hubei Changfang Zhenro is owned as to 51% by Zhenro Property Services and 49% by Hubei Hongda Property Management Co., Ltd. (湖北宏達物業管理有限公司), an Independent Third Party (other than being a substantial shareholder of Hubei Changfang Zhenro).

(2) Nanjing Aitao is owned as to 52% by Nanjing Fenghui Property Development Co., Ltd. (南京豐匯房地產開發有限公司), an Independent Third Party, and 48% by Jiangsu Aitao.

Incorporation of BVI holding companies

WeiZheng, WeiYao and WeiTian were incorporated in the BVI with limited liability on December 13, 2018 to act as the holding companies for Mr. ZR Ou's interest in our Company. As of the date of their incorporations, each of WeiZheng, WeiYao and WeiTian was authorized to issue a maximum of 50,000 shares of US$1 each. On the date of their incorporations, one fully-paid share of each of WeiZheng, WeiYao and WeiTian was issued and allotted to Mr. ZR Ou at par and each of WeiZheng, WeiYao and WeiTian then became wholly-owned by Mr. ZR Ou.

On the same date, WeiQiang was incorporated in the BVI with limited liability to act as the holding company for Mr. GQ Ou's interest in our Company. As of the date of its incorporation, WeiQiang was authorized to issue a maximum of 50,000 shares of US$1 each. On the date of its incorporation, one fully-paid share of WeiQiang was issued and allotted to Mr. GQ Ou at par and WeiQiang then became wholly-owned by Mr. GQ Ou.

Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 17, 2018 to act as the holding company and listing vehicle of our Group. As of the date of its incorporation, the authorized share capital of our Company was US$950,000 divided into 950,000 shares of US$1 each. On the date of its incorporation, one fully-paid share of our Company was issued and allotted at par to an initial subscriber, an Independent Third Party, and such share was transferred to WeiQiang at a consideration of US$1 on the same date. On the same date, 683,050 shares, 95,000 shares, 95,000 shares and 76,949 shares of US$1 each were issued and allotted to WeiZheng, WeiYao, WeiTian and WeiQiang, respectively. Upon completion of such issues and allotments, the shareholding of our Company was as follows:

Shareholders	Number of shares	Percentage shareholding
WeiZheng	683,050	71.9%
WeiYao	95,000	10.0%
WeiTian	95,000	10.0%
WeiQiang	76,950	8.1%
Total	950,000	100%

On October 18, 2019, the authorized share capital of our Company was increased from US$950,000 to US$1,000,000 by the creation of additional 50,000 shares of US$1 each, and following which the authorized share capital of our Company was US$1,000,000 divided into 1,000,000 shares of US$1 each.

Incorporation of Zhenro Services (BVI)

Zhenro Services (BVI) was incorporated in the BVI with limited liability on December 19, 2018 as the intermediate holding company of our Group in the BVI. As of the date of its incorporation, Zhenro Services (BVI) was authorized to issue a maximum of 50,000 shares of US$1 each. On the date of its incorporation, one fully-paid share of Zhenro Services (BVI) was issued and allotted to our Company at par and Zhenro Services (BVI) then became wholly-owned by our Company.

Incorporation of Zhenro Services (HK)

Zhenro Services (HK) was incorporated in Hong Kong with limited liability on December 24, 2018 as the intermediate holding company of our Group in Hong Kong. On the date of its incorporation, one share of Zhenro Services (HK) was issued and allotted to Zhenro Services (BVI) at a subscription price of HK$1 and Zhenro Services (HK) then became wholly-owned by Zhenro Services (BVI).

Acquisition of 5% equity interest in Fujian Zhenro by Future Prosperity (HK)

See "— Pre-IPO Investment — Investment by Sky Bridge" in this section below. Upon its completion on January 29, 2019, Fujian Zhenro became owned as to 95% by Zhenro Group Company and 5% by Future Prosperity (HK).

Establishment of Fuzhou Huihua and acquisition of 95% equity interest in Fujian Zhenro

Fuzhou Huihua is our intermediate holding company in the PRC. It was established in the PRC with limited liability on January 31, 2019 with a registered capital of RMB5,000,000 to be fully paid up pursuant to the articles of association of Fuzhou Huihua. Since its establishment, Fuzhou Huihua has been wholly-owned by Zhenro Services (HK).

On February 27, 2019, Zhenro Group Company transferred its 95% equity interest in Fujian Zhenro to Fuzhou Huihua at a consideration of RMB47,963,315, which was determined after arm's length negotiations among the parties and with reference to the appraised net asset value of Fujian Zhenro of RMB50.5 million as of November 30, 2018 by an independent valuer. The consideration was settled in full on April 2, 2019. Upon completion of such equity transfer, Fujian Zhenro has been owned as to 95% by Fuzhou Huihua and 5% by Future Prosperity (HK) since then.

Acquisition of Future Prosperity (BVI)

On November 7, 2019, Sky Bridge transferred 1,000 shares of Future Prosperity (BVI), representing the entire issue share capital of Future Prosperity (BVI), to our Company in consideration of the issue of 50,000 shares of our Company of US$1 each to Sky Bridge. Upon completion of such share transfer, each of Future Prosperity (BVI), Future Prosperity (HK) and Fuzhou Zhenro became our wholly-owned subsidiary and the shareholding of our Company became as follows:

Shareholders	Number of shares	Approximate percentage shareholding
WeiZheng	683,050	68.3%
WeiYao	95,000	9.5%
WeiTian	95,000	9.5%
WeiQiang	76,950	7.7%
Sky Bridge	50,000	5.0%
Total	1,000,000	100%

See "— Corporate structure immediately after the completion of the Reorganization and the pre-IPO Investment" in this section below for our corporate structure upon the completion of the Reorganization and the pre-IPO Investment.

PRE-IPO INVESTMENT

Investment by Sky Bridge

On January 21, 2019, Future Prosperity (HK) entered into an equity transfer agreement with Zhenro Group Company, pursuant to which Future Prosperity (HK) acquired 5% equity interest in Fujian Zhenro from Zhenro Group Company at a consideration of RMB2,524,380 which was fully paid by cash on March 19, 2019.

As of January 21, 2019, Future Prosperity (HK) was a direct wholly-owned subsidiary of Future Prosperity (BVI), which was in turn wholly-owned by Sky Bridge.

On November 7, 2019, Sky Bridge entered into a share swap agreement with our Company, pursuant to which Sky Bridge transferred 1,000 shares of Future Prosperity (BVI), representing the entire issue share capital of Future Prosperity (BVI), to our Company in consideration of the issue of 50,000 shares of US$1 each by our Company to Sky Bridge.

Details of Sky Bridge's investment (the "**Pre-IPO Investment**") are set forth below:

Name of pre-IPO investor:	Sky Bridge
Date of agreement:	January 21, 2019
Amount of consideration paid:	RMB2,524,380 (equivalent to approximately HK$2.8 million) (through its investment in Fujian Zhenro)
Basis of determination of the consideration:	After arm's length negotiations among the parties and with reference to the appraised net asset value of Fujian Zhenro of RMB50.5 million as of November 30, 2018 by an independent valuer
Consideration payment date:	March 19, 2019
Cost per Share[(1)]:	Approximately RMB0.067 (equivalent to approximately HK$0.074)
Discount to mid-point of the Offer Price range[(1)]:	Approximately 98.2%
Use of proceeds:	As the Pre-IPO Investment was effected by way of equity transfer between Future Prosperity (HK) and Zhenro Group Company, the consideration was paid to Zhenro Group Company and no proceeds were received by our Group
Shareholding in our Company immediately after the completion of the Pre-IPO Investment[(1)]:	5%
Shareholding in our Company immediately after the completion of the Global Offering[(1), (2)]:	Approximately 3.8%

Strategic benefits to our Group:	Our Directors are of the view that the Pre-IPO Investment will strengthen the shareholder base of our Company. In addition, the shareholders of Sky Bridge have broad experience in investment of various private companies in the PRC across the real estate, industrial, agricultural, forestry, tourism, technology, foreign trading and exhibition organization sectors. They also hold investments in equity securities listed in the PRC, including companies engaged in lithium salt and rare earth production, forestry development and sales of wood and fibreboards, production of automobile accessories and pharmaceutical manufacturing. Sky Bridge participated in the pre-IPO investment in Zhenro Properties in August 2017 and its shareholders have equity interests in a number of private PRC property developers. Furthermore, the shareholders of Sky Bridge have served as directors and members of senior management of a number of private and listed companies in the PRC and established business network across different industries. See "Information regarding the pre-IPO investor" and "Background of the Pre-IPO Investment" below for details. By considering the experience of the shareholders of Sky Bridge in the capital market, particularly its investment in real estate industry and their business network, our Directors believe that the Pre-IPO Investment will benefit our Group's business development and the shareholders of Sky Bridge can provide insights and recommendation in formulating our strategy in future business expansion and acquisitions and development into various regional markets
Special rights:	Sky Bridge is not entitled to any special rights under the Pre-IPO Investment

Notes:

(1) Calculated on the basis of the number of Shares to be held by Sky Bridge immediately after the completion of the Capitalization Issue.

(2) Assuming that the Over-Allotment Option is not exercised and taking no account of any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme.

Information regarding the pre-IPO investor

Sky Bridge was incorporated in the BVI with limited liability on August 16, 2017. It is a wholly-owned subsidiary of Wide China Trading Limited (華博貿易有限公司), which is a company incorporated in Hong Kong, which is in turn a wholly-owned subsidiary of Fujian Huamin Import and Export Co., Ltd. (福建華閩進出口有限公司) ("**Fujian Huamin**"), a company established in the PRC with limited liability on June 13, 1986.

Fujian Huamin is a foreign trading company established in the PRC and is principally engaged in the import and export of various products including vessels, automobile accessories, shoes, bags, clothes, woodwork, handicrafts and seeds of crops in Fujian province. It is owned as to approximately 40.09% by Fujian Huatian Investment Co., Ltd. (福建華田投資有限公司) ("**Fujian Huatian**"), 17.99% by Fujian Huagong Investment Co., Ltd. (福建華工投資有限公司) ("**Fujian Huagong**"), 17.25% by Fujian Huahui Investment Co., Ltd. (福建華會投資有限公司) ("**Fujian Huahui**"), 10% by Fujian Huiyuan International Exhibition Co., Ltd. (福建薈源國際展覽有限公司) ("**Fujian Huiyuan**"), 5% by Fujian Huamin Industrial Co., Ltd. (福建華閩實業有限公司) ("**Fujian Huamin Industrial**"), 4.93% by Mr. Liu Pingshan (劉平山) and 4.74% by Mr. Wang Zhiming (王志明), respectively, all being Independent Third Parties.

Fujian Huatian is a company established in the PRC and has various investments across the real estate, industrial, agricultural, forestry, mining, tourism, pharmaceutical and technology sectors. It is owned as to 51% by Mr. Liu Pingshan and 49% by Mr. Wang Zhiming.

Each of Fujian Huagong and Fujian Huahui is a company established in the PRC. Fujian Huagong is owned as to approximately 23.78% by Mr. Liu Pingshan and 76.22% by individual employees of Fujian Huamin who are Independent Third Parties. Fujian Huahui is owned as to approximately 8.10% by Mr. Liu Pingshan and 91.90% by individual employees of Fujian Huamin who are Independent Third Parties. Fujian Huagong and Fujian Huahui are investment holding companies, established only for holding the equity interests in Fujian Huamin for the employees of Fujian Huamin.

Fujian Huiyuan is a company established in the PRC and is principally engaged in the organization of the exhibitions. It is owned as to 55% by Mr. Ruan Weixing (阮衛星) and 45% by Mr. Li Jian (李儉), both of whom are Independent Third Parties, respectively.

Fujian Huamin Industrial is a company established in the PRC and is principally engaged in the development of public facilities and foreign trading. It is ultimately owned by the State-Owned Assets Supervision and Administration Commission of the People's Government of Fujian Province (福建省人民政府國有資產監督管理委員會).

Mr. Liu Pingshan is the chairman of Fujian Huamin and Mr. Wang Zhiming is a director of Fujian Huamin, and both are Independent Third Parties. Mr. Liu Pingshan and Mr. Wang Zhiming also respectively serve as the chairman and director of Fujian Zhongfu Industries Co., Ltd. (中福海峽(平潭)發展股份有限公司), a company which is principally engaged in forestry development and sales of wood and fiberboards in the PRC and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000592), Huamin Nanping Automobile Fittings Group Co., Ltd. (華閩南配集團股份有限公司), a company which is principally engaged in manufacture of automobile accessories in China and shares of which are traded on the National Equities Exchange and Quotations (stock code: 835582), and Fujian South Pharmaceutical Co., Ltd. (福建南方製藥股份有限公司), a pharmaceutical manufacturer based in the PRC and the shares of which are traded on National Equities Exchange and Quotations (stock code: 831207).

Mr. Ruan Weixing is the chairman and director of Fujian Huiyuan and has over 17 years of experience in exhibition organization. He also acts as the chairman of Fujian Import & Export Chamber of Commerce. Mr. Li Jian is a major shareholder of Fujian Huiyuan. Both Mr. Ruan Weixing and Mr. Li Jian are Independent Third Parties and also serve as members of the senior management of a number of private companies in the PRC which are principally engaged in exhibition organization and decoration, import and export trading, logistics and financing and are Independent Third Parties.

Background of the Pre-IPO Investment

Sky Bridge is indirectly wholly-owned by Fujian Huamin, of which Mr. Liu Pingshan and Mr. Wang Zhiming serve as directors. Mr. Liu Pingshan and Mr. Wang Zhiming are long-standing personal acquaintances of Mr. ZR Ou, who was the founder of Zhenro Group (under which Zhenro Property Group and our Group once belonged to) and one of our Controlling Shareholders, and were involved in various investments in the capital market, particularly the real estate industry in China. Sky Bridge also participated in the pre-IPO investment in Zhenro Properties in August 2017. It was through Sky Bridge's investment in Zhenro Properties that it became familiar with the property management sector and our Group's business and prospects. After being introduced by Mr. ZR Ou with the investment opportunity, and in view of our Group's established track record and being confident of our prospects, Sky Bridge became our Shareholder through the Pre-IPO Investment.

To the best knowledge and belief of our Directors, as of the Latest Practicable Date, save as disclosed above, there was no other past or present relationship (family, employment, business, financing or otherwise) between Sky Bridge (and its ultimate beneficial owners) and our Company and our subsidiaries, their shareholders, directors, senior management or any of their respective associates.

Lock-up and Public Float

As Sky Bridge is not a core connected person of the Company and the Pre-IPO Investment was not financed directly or indirectly by any core connected persons of the Company, Shares held by Sky Bridge will be counted towards the public float after the Listing.

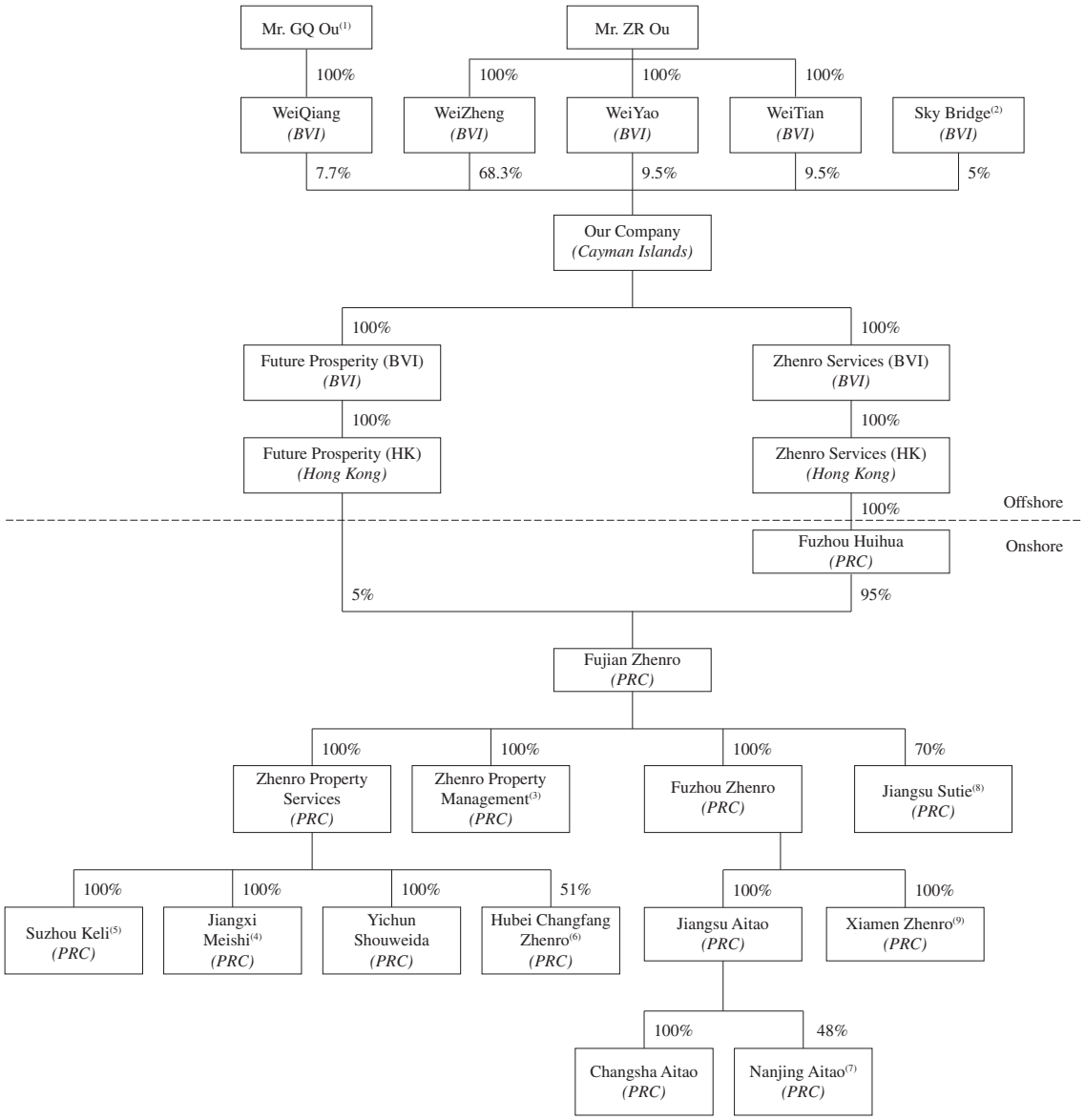
Sky Bridge has agreed that, it will not, at any time during the period from November 7, 2019, being the date of the share swap agreement, to the date falling six months following the Listing, dispose of any of the Shares directly or indirectly held by it.

Compliance with Interim Guidance

The Sole Sponsor is of the view that the terms of the Pre-IPO Investment by Sky Bridge are in compliance with (i) the Guidance Letter HKEx-GL-29-12 issued by the Stock Exchange in January 2012 and as updated in March 2017; and (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE REORGANIZATION AND THE PRE-IPO INVESTMENT

The following chart sets forth our corporate and shareholding structure immediately after the completion of the Reorganization and the Pre-IPO Investment, but before completion of the Capitalization Issue and the Global Offering:



Notes:

(1) Mr. GQ Ou is the son of Mr. ZR Ou. Shares held by WeiQiang are considered as part of the public float.

(2) Sky Bridge is our pre-IPO investor. Shares held by Sky Bridge are considered as part of the public float.

(3) Zhenro Property Management was established in the PRC on April 24, 2019.

(4) Jiangxi Meishi was established in the PRC on June 6, 2019.

(5) Suzhou Keli was established in the PRC on July 10, 2019.

(6) Hubei Changfang Zhenro is owned as to 51% by Zhenro Property Services and 49% by Hubei Hongda Property Management Co., Ltd. (湖北宏達物業管理有限公司), an Independent Third Party (other than being a substantial shareholder of Hubei Changfang Zhenro).

(7) Nanjing Aitao is owned as to 52% by Nanjing Fenghui Property Development Co., Ltd. (南京豐匯房地產開發有限公司), an Independent Third Party, and 48% by Jiangsu Aitao.

(8) Jiangsu Sutie is owned as to 70% by Fujian Zhenro, 15% by Li Wende and 15% by Tang Weibing, both Independent Third Parties (other than being substantial shareholders and directors of Jiangsu Sutie).

(9) Xiamen Zhenro was established in the PRC on June 17, 2020.

SUBDIVISION OF SHARES AND INCREASE IN AUTHORIZED SHARE CAPITAL

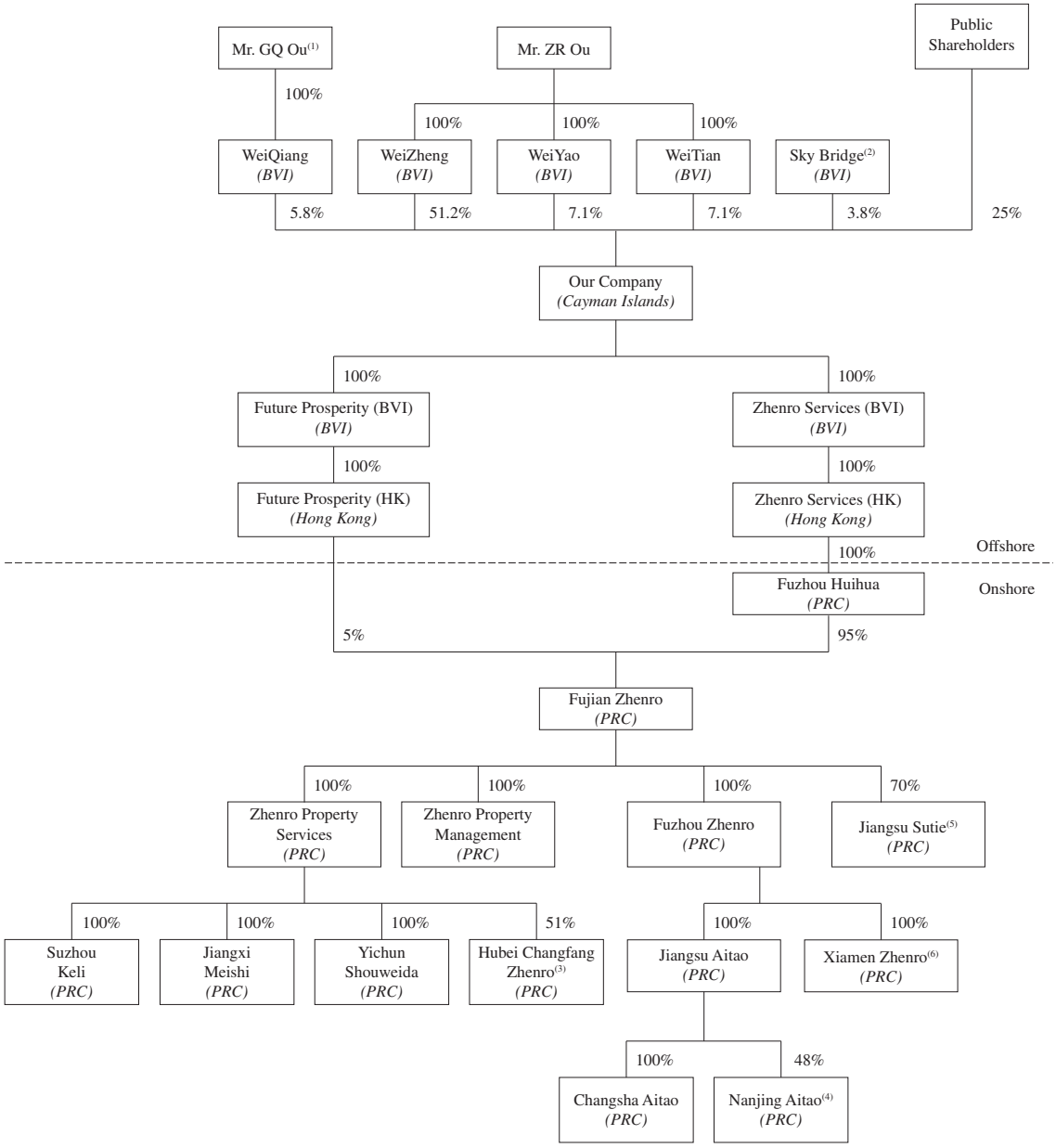
On June 15, 2020, each of our issued and unissued shares of US$1.00 each was subdivided into 500 Shares of US$0.002 each. Our authorized share capital was further increased from US$1,000,000 to US$40,000,000 by the creation of additional 19,500,000,000 Shares, such that following the subdivision of shares and the increase in authorized share capital, the authorized share capital of our Company was US$40,000,000 divided into 20,000,000,000 Shares of US$0.002 each.

CAPITALIZATION ISSUE

Pursuant to the written resolutions of our Shareholders passed on June 15, 2020, conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors are authorized to capitalize an amount of US$500,000 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 250,000,000 Shares for issue and allotment to holders of Shares whose names appear on the register of members of our Company on the date of passing such resolutions in proportion (as near as possible without involving fractions so that no fraction of a share shall be issued and allotted) to their then existing respective shareholdings in our Company.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE CAPITALIZATION ISSUE AND THE GLOBAL OFFERING

The following chart sets forth our corporate and shareholding structure upon immediately after completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and taking no account of any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme):



Notes:

(1) Mr. GQ Ou is the son of Mr. ZR Ou. Shares held by WeiQiang are considered as part of the public float.

(2) Sky Bridge is our pre-IPO investor. Shares held by Sky Bridge are considered as part of the public float.

(3) Hubei Changfang Zhenro is owned as to 51% by Zhenro Property Services and 49% by Hubei Hongda Property Management Co., Ltd. (湖北宏達物業管理有限公司), an Independent Third Party (other than being a substantial Shareholder of Hubei Changfang Zhenro).

(4) Nanjing Aitao is owned as to 52% by Nanjing Fenghui Property Development Co., Ltd. (南京豐匯房地產開發有限公司), an Independent Third Party, and 48% by Jiangsu Aitao.

(5) Jiangsu Sutie is owned as to 70% by Fujian Zhenro, 15% by Li Wende and 15% by Tang Weibing, both Independent Third Parties (other than being substantial shareholders and directors of Jiangsu Sutie).

(6) Xiamen Zhenro was established in the PRC on June 17, 2020.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisors have advised that the acquisition of 5% equity interest in Fujian Zhenro by Future Prosperity (HK) from Zhenro Group Company (the "**First Transfer**") is subject to the M&A Rules and the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (the "**Interim Administrative Measures**") (外商投資企業設立及變更備案管理暫行辦法). Fujian Zhenro has obtained the record-filing receipt for the incorporation of foreign-invested enterprises (外商投資企業設立備案回執) and the new business license for the First Transfer pursuant to the M&A Rules and the Interim Administrative Measures. Upon completion of the First Transfer, Fujian Zhenro became a sino-foreign joint venture enterprise. For the acquisition of 95% equity interest in Fujian Zhenro by Fuzhou Huihua from Zhenro Group Company (the "**Second Transfer**"), our PRC Legal Advisors have advised that since Zhenro Group Company transferred 95% equity interest in Fujian Zhenro to Fuzhou Huihua after Fujian Zhenro was converted into a sino-foreign joint venture enterprise, the Second Transfer is the equity transfer in a foreign invested enterprise, and thus, the M&A Rules are not applicable to the Second Transfer. Instead, the Second Transfer shall comply with the Rules on the Changes of Shareholding of Foreign-invested Enterprise Investor (外商投資企業投資者股權變更的若干規定) (the "**Rules**") and the Interim Administrative Measures, and Fujian Zhenro has obtained the record-filing receipts for the change of foreign-invested enterprises (外商投資企業變更備案回執) and the new business license for Second Transfer pursuant to the Rules and the Interim Administrative Measures. Our PRC Legal Advisors are of the view that the First Transfer has been completed in accordance with the M&A Rules and Interim Administrative Measures, the Second Transfer has been completed in accordance with the Rules and the Interim Administrative Measures.

Our PRC Legal Advisors have confirmed that all the equity transfers and increases in registered capital in respect of the PRC companies in our Group as described above have obtained all necessary government approvals and permits and the government procedures involved are in accordance with the applicable PRC laws and regulations. Our PRC Legal Advisors have also confirmed that we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization.

As advised by our PRC Legal Advisors, Mr. ZR Ou and Mr. GQ Ou have completed the registrations on January 16, 2019 as required by Circular 37 and Circular 13.

You should read this prospectus in its entirety before you decide to invest in the Offer Shares, and not rely solely on key or summarized information. The financial information in this section has been extracted without material adjustment from the Accountants' Report set out in Appendix I to this prospectus. All market statistics quoted in this prospectus, unless otherwise specified, are from the CIA Report. For the qualifications of CIA as well as details of the industry report, see "Industry Overview" in this prospectus.

OVERVIEW

We are a nationwide, fast-growing and comprehensive property management service provider in China, offering diversified property management services for residential and non-residential properties. According to CIA, we were ranked 19th and 22nd among the 2020 and 2019 Top 100 Property Management Companies in China in terms of overall strength[1] (2020中國物業服務百強企業第19名和2019中國物業服務百強企業第22名) in 2020 and 2019, respectively. According to CIA, we are one of the fastest-growing property management companies in China. We were ranked tenth and third in terms of growth rate of revenue and net profit for 2019, respectively, among the top 30 of the 2020 Top 100 Property Management Companies, and were ranked fourth and seventh in terms of growth rate of revenue and net profit for 2018, respectively, among the top 30 of the 2019 Top 100 Property Management Companies.[1] According to Yihan Zhiku, we were recognized as one of the Top Ten of the 2019 Community Service Providers in China by Growth (2019中國社區服務商成長性10強) in 2019.

Having been providing property management services in China for over 15 years, we believe that our extensive industry experience differentiates us from many of our competitors. As of December 31, 2019, we had expanded our business portfolio to four major regions in China, namely, the Yangtze River Delta Region, the Western Straits Region, the Midwest Region and the Bohai Rim Region. We believe that these four major regions are among the most populated and economic prosperous regions in China with high economic growth prospects. We adopted a growth strategy to further expand our market presence in existing cities in which we operate and to enter into new cities in the four major regions that we consider to be of high economic growth potential. As of December 31, 2019, we had 149 projects under our management, covering 21 cities in the four major regions, with a total GFA under management of approximately 22.9 million sq.m. and a total contracted GFA of approximately 37.0 million sq.m.

Note:

(1) CIA publishes the ranking of the Top 100 Property Management Companies in China in terms of overall strength each year. CIA prepares such ranking by assessing the relevant key factors of each company, including but not limited to, management scale, operational performance, service quality, growth potential and social responsibility. Our rankings based on the growth rate of revenue and net profit may be different from the rankings of overall strength. See "Industry Overview — Background and Methodologies of CIA" in this prospectus for more details.

We provide diversified property management services for both residential and non-residential properties through our three main business lines, namely, property management services, value-added services to non-property owners and community value-added services. We have established a long-term cooperative relationship with Zhenro, particularly Zhenro Property Group, and provided services to all of the properties developed by Zhenro Property Group during the Track Record Period. We also began to provide property management services to projects developed by Independent Third Parties in 2017. In addition to residential properties, our project portfolio also includes non-residential properties, such as government and public facilities, office buildings, industrial parks and schools. We strive to build our own property management service ecosystem with diversified, comprehensive and high-quality services that encompass the entire value chain of property management. Our services primarily include the following:

- *Property management services*. We provide a wide range of property management services to property developers, property owners and residents. Our property management services primarily include (i) cleaning services, (ii) security services, (iii) landscaping services and (iv) repair and maintenance services at both residential and non-residential properties.

- *Value-added services to non-property owners*. We offer a comprehensive range of property-related business solutions to non-property owners, which primarily include property developers. Our value-added services to non-property owners primarily consist of (i) sales assistance services (involving assistance to property developers in showcasing and marketing their properties, cleaning and maintenance, security and visitor management), (ii) additional tailored services customized to meet specific needs of our customers on an as-needed basis, (iii) housing repair services, (iv) preliminary planning and design consultancy services and (v) pre-delivery inspection services.

- *Community value-added services*. We provide community value-added services to property owners and residents. Our community value-added services primarily include (i) home-living services, (ii) car park management, leasing assistance and other services and (iii) common area value-added services to improve the living experience of our customers and to maintain and enhance the value of their properties.

As a result of our efficient operation and quality services, we experienced continual and rapid growth during the Track Record Period. Our revenue increased by 67.2% from RMB272.9 million in 2017 to RMB456.3 million in 2018, which is higher than the average revenue growth rate of 19.4% for the Top 100 Property Management Companies for the same period reported by CIA. Our revenue increased further by 57.0% to RMB716.2 million in 2019. Our net profit increased by 94.6% from RMB20.3 million in 2017 to RMB39.5 million in 2018, which is higher than the average net profit growth rate of 26.0% for the Top 100 Property Management Companies for the same period reported by CIA. Our net profit increased significantly to RMB109.2 million in 2019.

COMPETITIVE STRENGTHS

We believe that our success is primarily attributable to the following competitive strengths:

A nationwide, fast-growing and comprehensive property management service provider

We have been a property management service provider in China for over 15 years. We have based our headquarters in Shanghai and developed our business to cover four major regions in China, namely, the Yangtze River Delta Region, the Western Straits Region, the Midwest Region and the Bohai Rim Region. According to CIA, the aggregate GDP for the four major regions in which we operate accounted for approximately 87.5% of the national GDP of China in 2018. Closely following the relevant national and local development policies and regulations, we have continued to expand our business scale, enlarge our comprehensive service offering that cater to both residential and non-residential properties in the four major regions and improve our service quality.

As of December 31, 2019, we had a total of 149 projects under management with a total GFA under management of approximately 22.9 million sq.m. and a total contracted GFA of 37.0 million sq.m., covering 34 cities within these four major regions. During the Track Record Period, we strategically focused on our business developments in the Yangtze River Delta Region and the Western Straits Region among the four major regions. As of December 31, 2019, we had an aggregate GFA under management of approximately 18.1 million sq.m. and an aggregate contracted GFA of approximately 26.1 million sq.m. in these two regions, accounting for approximately 78.7% and 70.6% of our total GFA under management and total contracted GFA as of the same date, respectively.

Our property management business experienced rapid growth during the Track Record Period. Our total GFA under management increased from approximately 9.4 million sq.m. as of December 31, 2017 to approximately 12.6 million sq.m. as of December 31, 2018, and further to approximately 22.9 million sq.m. as of December 31, 2019, representing a CAGR of 56.1% from 2017 to 2019. Our revenue and net profit increased by 67.2% and 94.7% from 2017 to 2018, respectively, which outpaced the respective average growth rate for revenue and net profit of 19.3% and 26.0% of the Top 100 Property Management Companies in China for the same period, according to CIA. Our revenue and net profit in 2019 increased significantly as compared with 2018 and also exceeded the total revenue and net profit for the year ended December 31, 2018.

Our competitive market position, fast business expansion and comprehensive service offering are also evidenced by the numerous industry accolades that we received over the years. In 2020, we were ranked 19th among the 2020 Top 100 Property Management Companies in China in terms of overall strength (2020中國物業服務百強企業第19名). In 2019, we were ranked 22nd among the 2019 Top 100 Property Management Companies in China in terms of overall strength (2019中國物業服務百強企業第22名). In the same year, we received the "2019 Marketing Operational Leading Brand of China Property Service Companies" award (2019中

國物業服務市場化運營領先品牌) from CIA. In 2019, we were recognized as one of the Top Ten Community Service Providers by Growth (2019中國社區服務商成長性10強) by Yihan Zhiku. In addition, we were recognized as one of the 2019 Top 50 Most Valuable Brands of Property Management Service (2019中國物業服務企業品牌價值50強) by the China Property Management Association in 2019. See "— Awards and Recognitions" in this section for more of our awards and recognitions.

We believe that our rapid business growth and well-established market position in China will continue to enable us to capture more market share in the property management industry.

Significant growth opportunities brought about by our long-term cooperative relationship with Zhenro Property Group

Zhenro Property Group is a large-scale comprehensive property developer in China, focusing on mid to high-end property development. According to CIA, Zhenro Property Group was ranked 18th and 19th among the 2020 and 2019 Top 100 Real Estate Developers in China in terms of overall strength in 2020 and 2019, respectively. According to the 2019 annual report of Zhenro Properties, Zhenro Property Group recorded a total contracted sales of approximately RMB130.7 billion in 2019, and had a land bank with a total GFA of approximately 26.2 million sq.m., consisting of 182 residential and non-residential projects in 30 cities across China, as of December 31, 2019.

We have established a long-term cooperative relationship with Zhenro Property Group by participating in the tender process and winning the bids for property management services for properties Zhenro Property Group has developed. See "— Customers" in this section for further discussion. As Zhenro Property Group positions itself as the "home upgrade master" (改善大師) for high-quality residential properties targeted at mid- to high-end customers with home upgrade needs, we have provided the high-quality property management services that met Zhenro Property Group's stringent demands and requirements for such properties. Our services to Zhenro Property Group primarily include property management services and value-added services to non-property owners. We provided property management services for all of the properties developed by Zhenro Property Group during the Track Record Period.

Our successful cooperation with Zhenro Property Group also improved our market recognition which has, in turn, strengthened our market outreach capabilities to engage more Projects Solely Developed by Third-party Property Developers to achieve a balanced project portfolio. During the Track Record Period, the aggregate GFA of our properties under management that were solely developed by third-party developers increased from nil as of January 1, 2017 to 2.2 million sq.m. as of December 31, 2017, to 3.2 million sq.m. as of December 31, 2018 and further to 11.6 million sq.m. as of December 31, 2019.

We believe that our close and long-term cooperative relationship with Zhenro Property Group will enable us to continue to reinforce our existing market position and enhance our competitiveness in China's property management industry. We believe that we can continue to leverage Zhenro Property Group's sizeable property portfolio and land bank to improve our market coverage, enrich our project portfolio and further expand our service offerings to a larger mid- to high-end customer base.

Dual-property type business model, diversified project portfolio and balanced business development

We have established a dual-property type business model covering both residential and non-residential properties. Under this model, we serve a variety of non-residential properties such as government and public facilities, office buildings, industrial parks and schools in addition to residential properties.

We have established a proven track record in expanding our operations by leveraging our extensive industry experiences. We served primarily residential properties during the Track Record Period. As of December 31, 2017, 2018 and 2019, the total GFA of residential properties under our management was approximately 8.7 million sq.m., 11.4 million sq.m. and 14.6 million sq.m., respectively. We believe the size of our portfolio of residential properties under management enhances the market recognition of our brand and allows us to promote our value-added services to a larger customer base.

Under our dual-property type business model, we are also committed to expanding the non-residential properties in our project portfolio. Benefitting from our well-established market position in China, we have been successfully exploring cooperation opportunities with third-party property developers for service to non-residential properties. As of December 31, 2019, approximately 96.9% of the total GFA of non-residential properties under our management was solely developed by third-party developers which were obtained by us by leveraging our industry experiences and management capabilities. In addition, we continue to explore business opportunities in providing services to a broader category of non-residential properties that may create further synergize with our existing services. For example, we began providing property management services to universities, certain government and public facilities and industrial parks during the Track Record Period. As of December 31, 2017, 2018 and 2019, the aggregate GFA of non-residential properties under our management was approximately 0.8 million sq.m., 1.2 million sq.m. and 8.3 million sq.m. respectively, accounting for 8.4%, 9.6% and 36.2% of our total GFA under management as of the same dates, respectively.

In addition to providing property management services to residential and non-residential properties, we also offer a wide range of diversified value-added services, including, among others, sales assistance services, additional tailored services, home-living services and car park management, leasing assistance and other services. Our revenue from value-added services to non-property owners increased by 35.6% from RMB110.4 million in 2017 to RMB149.6 million in 2018 and further by 75.3% to RMB262.3 million in 2019. Our revenue from community value-added services increased significantly from RMB15.7 million in 2017 to

RMB58.7 million in 2018 and further to RMB111.7 million in 2019. We believe that these diversified services enable us to further improve our service capacity, enhance our brand recognition and increase our profitability. According to CIA, in 2019, we were ranked third among the 2019 Top 100 Property Management Companies in China in terms of the proportion of the revenue generated from value-added services to non-property owners and community value-added services to the total revenue for 2018.

We believe that our diversified project portfolio and services will continue to drive the growth of our revenue from value-added services to non-property owners and community value-added services, which generally enjoy higher profit margins as compared with our other property management services.

High customer satisfaction and strong brand name achieved through provision of quality services

Throughout the course of our development, we have adhered to our principle of "providing heartfelt and personalized services with a sense of companionship" ("服務為你, 陪伴由心") in conducting our business. To this end, we consider service quality a key to enhancing our customer satisfaction and increasing our brand recognition. We maintain and improve our quality in primarily two ways: (i) through our quality management and control systems which closely monitor all relevant aspects of our property management services, and (ii) by using our customer feedback system that timely tracks customers' complaints and responses which allows us to expand our service offerings, communication methods and issue handling capabilities based on customer experiences.

Our quality management and quality control systems cover the front-line management services for properties at the pre-delivery and post-delivery stages, with specified and detailed standards and procedures for our property management business line. With respect to our quality management system, we successfully obtained ISO 9001:2015 certification, ISO14001 environmental quality management system certification and OHSAS18001 occupational health and safety management system certification in October 2017. See "— Occupational Health, Safety and Environmental Matters" below in this section for more details.

We have established various procedures and systems to monitor and maintain the quality of our services, including but not limited to, a service hotline, periodic evaluation of services by relevant personnel at all levels of operational management within our Group and reviews by independent third parties. We apply our "2157" customer complaint management procedures to ensure that for all issues raised by our customers are properly handled and resolved in a timely manner. In addition, our "Rong Wisdom" (榮智慧) Service Software allow us to internally record and organize customers' complaints, our responses and related customer feedbacks. In addition, we also maintain close relationships with our customers through, among others, regular in-person visits, customer meetings and community events. See "— Quality Control — Quality Control of Our Property Management Services" below in this section for more details.

Our dedication to enhancing service quality and customer experience has enabled us to achieve high customer satisfaction in recent years. According to CIA, our customer satisfaction rate among customers of properties our management was 97.0% for our sales assistance service and 82.0% for our residential property services for 2018, respectively, both of which are higher than the average customer satisfaction rate of 80.0% for sales assistance service and 72.0% for residential property services provided by property management companies in 62 cities in China, respectively, as evaluated by CIA for the same year. In addition, we have received numerous awards and recognitions for our customer services. In 2019 and 2020, we were awarded the China Top 100 Property Service Providers Leading Enterprise for Satisfaction (中國物業服務百強滿意度領先企業) by CIA. Our managed project, Hongqiao Zhenro Mansion (虹橋•正榮府), was recognized as China Property Service Industry Model Unit (中國物業服務行業示範基地) by CIA in 2020. Our managed project, Nanjing Zhenro Runfeng Garden (南京正榮潤峯花園), was recognized as China Property Service Industry Model Unit (中國物業服務行業示範基地) by CIA in 2019. Our managed projects, Putian Zhenro Runcheng (莆田正榮潤城) Shanghai Hongqiao Zhenro Center (上海虹橋正榮中心), were recognized as a China Property Service Industry Model Units (中國物業服務行業示範基地) by CIA in 2018.

We believe that our quality services have enabled us to achieve high customer satisfaction and will continue to enhance our brand recognition, increase customer loyalty which will, in turn, help us develop new markets and further increase our market share.

Standardized operational procedures, digitalization of operations and effective cost control measures

Focusing on standardization of our procedures, digitalization of our operations, and our cost control measures, we are able to provide consistent and cost-effective services to improve customer experience, achieve operational efficiency and generate sustainable profits.

We have established a centralized system to improve the standardization of our procedures. Based on our management experiences, information and knowledge built on issues previously encountered and resolved, we have formulated procedures to ensure that our service quality is regularly monitored and reviewed. Also, for properties under our management, we have adopted a series of measures to ensure that our performance meets the standards set forth in the respective property management service agreements and our customers' expectations. For example, we have further divided the four main services under our property management services, namely, cleaning services, security services, landscaping services and repair and maintenance services, into 48 sub-services and formulated detailed service standards and operating procedures for each of the 48 sub-services to ensure that our service quality meet high-quality standards. In addition, we provide differentiated services including "Service 1.0," "Service 2.0" and "Service 2.0+," which can be tailored to different customers' needs and budgets. See "— Property Management Services — Scope of Services" in this section for more information.

Through continuous investment in information technology, we are gradually undergoing the process of transforming from a labor-intensive property management service provider to an enterprise better equipped with digitalized systems to provide more diversified property management services. For example, we have adopted digital vehicle barrier gates to reduce the number of security service personnel. We also upgraded our equipment management system to combine and centralize the management, maintenance and monitoring of our equipment, thereby reducing our staff costs while increasing operational efficiency.

Furthermore, we have improved our cost management and control capabilities by taking various measures to reduce costs while satisfying the conditions and requirements of each individual project, including, among other things, human resources, utility and material use. Our measures include, among others, (i) outsourcing front-line services roles, such as cleaning and security services, (ii) optimizing project organizational structure and personnel by consolidating the resources and personnel allocated for geographically adjacent projects, and (iii) reducing utility and labor costs through application of advanced technology, facility and equipment upgrade, and energy conservation management.

Attributable to the successful implementation of our standardized operational procedures, digitalization of our operations and cost control measures, our cost of sales accounts for approximately 74.2% and 73.5% of our total revenue in 2017 and 2018, respectively, which were lower than the average of the cost of sales to total revenue of 77.7% and 76.4% the Top 100 Property Management Companies for the same years, respectively. The percentage of our cost of sales to total revenue further decreased to approximately 65.9% for 2019.

We believe that our standardized operational procedures, digitalization of operations and cost control measures will continue to help us further reduce costs and improve our profitability.

Experienced management team supported by a professional and quality human resources system

Our management team has extensive experience in the property management industry. Our executive Directors and key senior management personnel have more than 10 years of experience in the property development and management industry on average, and we consider them instrumental to our long-term success and business growth. As of December 31, 2019, all of our core management team members held a bachelor's degree or above, and more than 60% of them held a master's degree or above.

We also place a strong emphasis on attracting and retaining talented employees. We have implemented "Rong Star" ("榮之星") program for newly-recruited fresh graduates to help them grow into industry professionals and build up our talent reserve. We have developed our "Rong Commander" ("榮之將") program for our project managers and personnel with similar roles to improve their professional expertise, management capabilities and broaden their visions in preparation for more senior management roles. In addition, we have also formulated the "Spark Plan" ("星火計劃") for our marketing and promotion team members and "Leader Plan" ("領軍

計劃") for our value-added service personnel. See "— Employees — Training" in this section for more information. These internal trainings feature differentiated employee cultivation and performance assessment which tailor to the needs of different positions from entry-level staff to more senior management personnel with varying skill sets and career pursuits. We believe these programs help build a more cohesive corporate culture and train more professional and qualified employees needed for our further business expansion.

We consider talent reserve as one of the key factors to our sustainable growth. To this end, we utilize various resources to meet our demand for talents. We have established internal talent referral policies to encourage our employees to introduce more talents to us. We also offer hiring bonus to incentivize regional branches to attract suitable talents. In addition, we host introduction meetings on campuses and hold interview sessions at reputable universities across China to recruit talented graduates.

Through the above-mentioned programs and policies, we ensure that we have a deep talent pool for our continuous business expansion.

BUSINESS STRATEGIES

We intend to build upon our existing market positions and further expand our business nationwide. We are committed to becoming one of the top ten property management service providers in terms of overall strength in China in mid- to long-term. To achieve this goal, we have formulated a business strategy entitled the "1234 Plan." Under this plan, "one" represents our mid- to long-term goal of becoming one of the top ten property management service providers in China in terms of overall strength; "two" represents our dual-property type business model; "three" represents the three core capabilities that we deem instrumental to our future success, namely, teamwork, operational efficiency and ability to innovate; and "four" represents the four major regions in which we currently operate and intend to further expand. More specifically, we intend to implement the following strategies:

Expand our project portfolio, explore strategic investment, acquisition and cooperation opportunities and grow our business scale and market share

We aim to further increase our business scale and strengthen our market position in China's property management industry. We intend to implement the following strategies to achieve this goal:

- *Engage more projects and further diversify our project portfolio through multiple channels*. We plan to continue to apply our dual-property type business model and further diversify our project portfolio. We plan to leverage our experiences from successful mergers and acquisitions in the past, and continue to seek investment and acquisition opportunities to penetrate into new markets with growth potential. We believe that suitable investments and acquisitions will help us to further increase the breadth of our service offering and geographic coverage of our project portfolio. Also, we may be subject to higher costs or risks when organically expanding into a

new market due to the differences in local policies, customs, market conditions and strategic investment in or acquisitions of suitable and local property management companies can be alternative means of efficient expansion into new markets to save our costs and time. We plan to further acquire other property management companies that meet our selection criteria, which include, among others, service offering, geographic coverage, financial stability, growth potential, qualifications in service areas that we consider profitable or compatible with our expansion strategy, such as property management companies that engage in community retail business, or property management companies with specialty management experiences in elderly care and community health care services. We plan to use approximately 55.0% of the net proceeds from the Global Offering for strategic mergers or acquisitions of approximately three property management company targets. The number of acquisition targets will depend on the scale and consideration of the actual acquisition. The main criteria for target companies include, among other things, (i) a total GFA under management of over 3.0 million sq.m., (ii) annual revenue of over RMB30.0 million, and (iii) an average net profit margin of above 8.0%. See "Future Plans and Use of Proceeds" in this prospectus for more details;

- *Expand our services to cover more types of non-residential properties.* We will continue to cooperate with, among others, third-party property developers to organically expand our property management and offer value-added services to more types of non-residential properties, such as hospitals and airports;

- *Increase geographical coverage by increasing market presence in the four major regions.* We will continue to reinforce our existing market presence in the four major regions and also expand into new cities in the same regions that have considerable customer spending power. We plan to acquire, and invest in, property management companies located in the Yangtze River Delta Region, the Midwest Region and/or the Western Straits Region and management companies with a focus on community products and services in the Yangtze River Delta Region and/or the Bohai Rim Region. See "Future Plans and Use of Proceeds" in this prospectus for detailed discussion. We believe that our strong management capabilities and extensive industry experiences will help us continue to grow in terms of geographical coverage and stay competitive; and

- *Capitalize on our brand value.* We plan to further enhance and capitalize on our brand value. For example, we intend to continue to promote our brand image by organizing various social events, such as media releases and industry and community publicity events. We plan to continue to provide differentiated service packages targeting the diverse needs of our customers while enhancing our relevant brands associated with various services. For example, we plan to introduce our brand for residential property management services, "Rong Service" (榮服務), to new cities and/or property types as appropriate. See "— Our Brands" in this section below for more information.

We believe that these measures will enable us to further expand our market presence and increase our market shares. We plan to fund such strategies within the next two years substantially with the net proceeds from the Global Offering, with the remainder from our working capital. See "Future Plans and Use of Proceeds" in this prospectus for our intended use of net proceeds from the Global Offering.

From time to time, the PRC Government adjusts or introduces macroeconomic control policies to encourage or restrict property development in the real estate industry through regulating land grants, pre-sale of properties, bank financing and taxation, among other means. In particular, the PRC Government has in the past introduced various restrictive measures to discourage speculation in the real estate market. See "Risk Factors — Risks Relating to our Business and Industry — We are susceptible to changes in regulatory landscapes of the PRC property management and PRC real estate industries" in this prospectus for more details. However, we believe the associated impacts on our operational and financial performance and our expansion plans are limited, in consideration of the following factors: (i) while the property market might be affected or restricted by unfavorable policies, market opportunities are available for our expansion in the existing property management and value-added services market as property owners and residents in the PRC continue to enjoy a higher standard of living, they will pursue premium and better services; (ii) according to CIA, the year-on-year growth rate of the total GFA of completed properties, completed residential properties and residential properties sold amounted to approximately 2.6%, 3.0% and 1.5%, respectively, in 2019 as compared to 2018. Given the stable growth of supply, it is expected that the PRC property management industry will continue to grow on a national scale; (iii) in addition to residential properties, our project portfolio includes non-residential properties, such as government and public facilities, office buildings, industrial parks and schools, which are much less affected by restrictive policies on the real estate industry, if at all. During the Track Record Period, the percentage of GFA under our management from non-residential properties increased from 8.4% as of December 31, 2017 to 36.2% as of December 31, 2019; (iv) as the property management industry is highly fragmented according to CIA, there are abundant opportunities for us to obtain projects through acquisitions as well as strategic cooperation with other property management service companies. See "Future Plans and Use of Proceeds" in this prospectus for more details on our acquisition and investment plan; and (v) as we place more and more focus on diversifying our services, our future growth will also depend on our ability to promote our value-added services and other professional services, which are less susceptible to cyclical impact from the real estate market.

Stay innovative and continue to develop diversified value-added services

As our business is closely linked with the needs and preferences of our customers' daily lives, we believe that it is vital for us to continue to improve our service quality and offer pertinent value-added services that best meet our customers' preferences and requirements. Therefore, in addition to our focus on elevating operational efficiency, we intend to further improve our ability to innovate and offer the "right" services, particularly value-added services such as community retail services, elderly care and community health services in properties located in the Yangtze River Delta Region and the Western Straits Region, to our customers to increase customer satisfaction. We also consider to engage large-scale and experienced

subcontractors with established reputation which are more familiar with the relevant services to facilitate our expansion into new service area while maintaining high operational efficiency. As of the Latest Practicable Date, we started our market research on feasibility of such services but had not engaged any cooperation partners or established strategic cooperative relationships with any subcontractors.

We seek to leverage our experience and expand our offerings of value-added services to property owners and residents to tailor to their needs better throughout the value chain of property development. For example, we may provide residents with housekeeping services, car washing and parcel storage and delivery services. For older residential properties, we may offer home renovation and furnishing services, among others. For non-residential properties, we may offer various value-added services, such as plant leasing services, shared office space leasing services, lunch catering and food delivery and external wall and air-conditioning unit cleaning services.

As our property portfolio becomes more diversified, we will further offer more customized value-added services to meet the differentiated needs of our customers and further increase our customer satisfaction in order to diversify our income sources and enhance profitability. We plan to fund such strategies within the next two years substantially with the net proceeds from the Global Offering, with the remainder from our working capital. See "Future Plans and Use of Proceeds" in this prospectus for detailed discussion.

Further enhance operational efficiency with upgraded information technology systems to maximize cost efficiency

We aim to continue to provide quality services to our customers through operational standardization and upgrades of our information technology systems to enable us to strengthen our operational efficiency and control our cost effectively. Specifically, we plan to further implement our operational standardization procedures and improve our management efficiency and operational capabilities through the following measures:

- We will continue to optimize our quality management system in accordance with our business needs. We plan to further upgrade the quality management system at our headquarters and relevant regional branches to allow more close communications between the front-line service teams with back office support as well as the relevant feedback and training programs which may, in turn, facilitate greater communications and more stringent quality control;

- We aim to achieve better quality control and operational efficiency by further implementing and improving our cost control measures, such as consolidating the resources and personnels allocated to geographically adjacent projects; and

- We plan to formulate internal templates and guidance on how to synergize acquired companies with our existing operations upon completion of mergers and acquisitions. We started to conduct periodic post-completion evaluations six months after the completion of our acquisition projects to gather relevant feedbacks and gain valuable insights from our business integration experience.

In addition, we plan to upgrade our internal information technology system for property management to provide more comprehensive and intelligent technology solutions and support more data analytical needs. We plan to use the net proceeds from the Global Offering (a) of approximately 20.0% for procurement of: (i) new and upgrading existing hardware and software, such as intelligent software to manage car parks or smart detection and monitoring systems, (ii) internal project management software to streamline procedures for customer services, quality control, labor and subcontractor management and fee collection, and (iii) upgrade our internal information technology systems mainly utilised by, our human resources and finance departments for better internal management and communications, and (b) of approximately 15.0% for development of our "Rong Wisdom" (榮智慧) Service Software to upgrade our internal quality management, such as by purchasing and utilizing upgraded technology to collect and analyze big data, to expand our service coverage, ensure consistent service quality and optimize communication channels with our customers which will allow for more seamless and timely interactions. These upgraded property management systems will be designed to enhance our information collection and issue responding systems to better meet customers' needs and increase our operational efficiency. We believe that such upgrades, combined with the improvements mentioned above, will further facilitate the smooth running of our daily operations and ensure heightened quality control and effective operations from our headquarters on managed properties. We plan to fund such strategies within the next three years substantially with the net proceeds from the Global Offering, with the remainder from our working capital. See "Future Plans and Use of Proceeds" in this prospectus for detailed discussion.

Continue to attract, train and retain talent

We will continue to devote resources to recruit, develop and retain qualified talent in various positions and functions. In terms of talent recruitment, we will continue to further cultivate our brand image in the industry and explore diversified talent recruitment channels. In terms of talent cultivation, we will continue to combine internal and external resources to further enhance our training programs. In terms of talent retention, we plan to gradually enrich our existing internal training programs to further facilitate our employees' career progression. We expect also to continue exploring different opportunities of external training and continuing education. For our employees with outstanding performance, we may also offer them opportunities of internal transfers, rotation and promotions. We will also optimize our human resource management and provide competitive remuneration and benefit packages that will help us attract talented employees with teamwork spirit and advancement potential.

We will continue to promote the principle of "providing heartfelt and personalized services with a sense of companionship" ("服務為你,陪伴由心") as part of our corporate culture to create a sense of community among our employees. We believe such values will enable our talented employees to grow with us and help us achieve sustainable growth in the long-term.

OUR BUSINESS MODEL

During the Track Record Period, we generated revenue primarily from three business lines: (i) property management services, (ii) value-added services to non-property owners and (iii) community value-added services. See "— Overview" in this section for further details.

The table below sets forth a breakdown of our total revenue by business line and customer type for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services						
– Zhenro	15,820	5.8	30,885	6.8	21,803	3.0
– Independent Third Parties	131,003	48.0	217,173	47.6	317,262	44.3
– Mr. ZR Ou's associates (excluding Zhenro)	–	–	–	–	3,249	0.5
Subtotal	146,823	53.8	248,058	54.4	342,314	47.8
Value-added services to non-property owners						
– Zhenro	75,689	27.7	97,764	21.4	147,775	20.6
– Independent Third Parties	1,521	0.6	5,557	1.2	14,324	2.0
– Mr. ZR Ou's associates (excluding Zhenro)	33,142	12.1	46,270	10.1	100,156	14.0
Subtotal	110,352	40.4	149,591	32.8	262,255	36.6
Community value-added services						
– Zhenro	–	–	–	–	–	–
– Independent Third Parties	15,683	5.7	58,659	12.9	111,651	15.6
– Mr. ZR Ou's associates (excluding Zhenro)	–	–	–	–	–	–
Subtotal	15,683	5.7	58,659	12.9	111,651	15.6
Total	**272,858**	**100.0**	**456,308**	**100.0**	**716,220**	**100.0**

Note:

(1) Refer to property developers, property owners and residents that are independent of Zhenro Property Group and our Controlling Shareholders.

PROPERTY MANAGEMENT SERVICES

Overview

As of December 31, 2017, 2018 and 2019, our total GFA under management was approximately 9.4 million sq.m., 12.6 million sq.m. and 22.9 million sq.m., respectively. In 2017, 2018 and 2019, revenue generated from property management services provided in relation to Projects Developed by Zhenro Property Group amounted to RMB129.4 million RMB172.6 million and RMB227.2 million, respectively, accounting for 88.2%, 69.6% and 66.4%, respectively, of our total revenue generated from property management services for those same periods.

The table below sets forth a breakdown of our total GFA under management as of the dates indicated, and revenue generated from property management services for the years indicated, by the type of property developer:

	As of or for the year ended December 31,								
	2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Projects Developed by Zhenro Property Group	7,282	129,438	88.2	9,381	172,642	69.6	10,933	227,245	66.4
Projects Solely Developed by Third-party Property Developers[1]	2,164	17,385	11.8	3,214	75,416	30.4	11,607	113,549	33.2
Jointly Developed Projects[2]	–	–	–	–	–	–	398	1,520	0.4
Total	**9,446**	**146,823**	**100.0**	**12,595**	**248,058**	**100.0**	**22,938**	**342,314**	**100.0**

Notes:

(1) Include (i) projects solely developed by independent third-party property developers, among which there was a project in 2018, for which we recognized revenue of RMB5.7 million for provision of property management services to the office occupied by Zhenro Group and such office was solely developed by an independent third-party developer; and (ii) the project in 2019, for which we recognized revenue of RMB3.2 million for provision of property management service to other properties developed by an associate of Zhenro Group, which associate was jointly held by Zhenro Group and Independent Third Parties for potential land reclamation. Zhenro Group held 49.51% of interest in such associate.

(2) Refer to projects jointly developed by Zhenro Property Group and other property developers in which Zhenro Property Group did not hold a controlling interest.

The growth in our total GFA under management and the number of projects managed by us were primarily attributable to our continuous efforts to expand our business pursuant to our "1234 Plan." We managed to grow our total GFA under management for Projects Solely Developed by Third-party Property Developers from nil as of January 1, 2017 to approximately 11.6 million sq.m. as of December 31, 2019. The revenue generated from managing Projects Solely Developed by Third-party Property developers increased significantly from RMB17.4 million in 2017 to RMB75.4 million in 2018, and by 50.5% to RMB113.5 million in 2019. The number of our managed Projects Developed by Zhenro Property Group grew from 36 as of December 31, 2017 to 54 as of December 31, 2019; and the number of our managed Projects Solely Developed by Third-party Property Developers grew from 51 as of December 31, 2017 to 86 as of December 31, 2019. We also managed Jointly Developed Projects with an aggregate GFA of approximately 0.4 million sq.m. as of December 31, 2019 from nine projects, with an aggregate revenue of RMB1.5 million for 2019.

Our Geographical Presence

Since the commencement of the provision of our services in 2004 in Fujian province, we have expanded our geographical presence to 34 cities in the PRC as of December 31, 2019. As of the same date, we had a total of 149 projects under management and 83 contracted but undelivered projects, respectively.

The map below illustrates the cities in which we had projects under management and contracted but undelivered projects as of December 31, 2019:

★ Headquarters – Shanghai

● Cities in which we have projects under our management or we are contracted to manage

Region and City	Project(s) under management	Contracted but undelivered projects(1)	Total number of projects
Yangtze River Delta Region	**92**	**26**	**118**
Nanjing	54	8	62
Suzhou	15	5	20
Shanghai	11	1	12
Hefei	8	7	15
Jiaxing	2	2	4
Nantong	1	nil	1
Taizhou	1	nil	1
Chuzhou	nil	1	1
Lu'an	nil	1	1
Wuhu	nil	1	1
Western Straits Region	**26**	**21**	**47**
Fuzhou	12	7	19
Putian	9	7	16
Pingtan	3	3	6
Nanping	2	1	3
Quanzhou	nil	1	1
Sanming	nil	1	1
Zhangzhou	nil	1	1
Midwest Region	**24**	**22**	**46**
Nanchang	12	3	15
Yichun	7	1	8
Changsha	3	4	7
Suizhou	1	nil	1
Wuhan	1	3	4
Ganzhou	nil	2	2
Xi'an	nil	4	4
Xiangyang	nil	2	2
Yueyang	nil	1	1
Chongqing	nil	2	2
Bohai Rim Region	**7**	**14**	**21**
Tianjin	3	6	9
Huai'an	1	nil	1
Jinan	1	3	4
Luoyang	1	1	2
Suqian	1	nil	1
Xuzhou	nil	2	2
Zhengzhou	nil	2	2
Total	**149**	**83**	**232**

Note:

(1) Refers to projects that are not ready to be delivered to us for management under our preliminary property management service agreements or property management service agreements, for which we have not begun collecting property management fees in relation to contractual obligations to provision of property management services.

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

	As of or for the year ended December 31,								
	2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Yangtze River Delta Region[(1)]	3,500	52,119	35.5	5,268	124,849	50.3	8,529	194,748	56.9
Western Straits Region[(2)]	2,533	45,945	31.3	3,209	61,106	24.6	9,521	75,739	22.1
Midwest Region[(3)]	3,106	44,299	30.2	3,799	53,566	21.6	4,174	62,002	18.1
Bohai Rim Region[(4)]	307	4,460	3.0	319	8,537	3.5	714	9,825	2.9
Total	**9,446**	**146,823**	**100.0**	**12,595**	**248,058**	**100.0**	**22,938**	**342,314**	**100.0**

Notes:

(1) Cities in which we provide property management services to projects in the Yangtze River Delta Region include Shanghai, Nanjing, Suzhou, Hefei, Jiaxing, Taizhou, Chuzhou, Lu'an, Nantong and Wuhu.

(2) Cities in which we provide property management services to projects in the Western Straits Region include Fuzhou, Putian, Pingtan, Nanping, Quanzhou, Sanming and Zhangzhou.

(3) Cities in which we provide property management services to projects in the Midwest Region include Nanchang, Yichun, Changsha, Wuhan, Xi'an, Ganzhou, Suizhou, Xiangyang, Yueyang and Chongqing.

(4) Cities in which we provide property management services to projects in the Bohai Rim Region include Tianjin, Jinan, Xuzhou, Huai'an, Luoyang, Suqian and Zhengzhou.

As of December 31, 2019, our total contracted GFA of undelivered projects that are not ready to be delivered to us for management under our preliminary property management service agreements or property management service agreements, for which we have not begun collecting property management fees in relation to contractual obligations to provision of property management services, was approximately 14.1 million sq.m.

The table below sets forth the expiration schedule of our property management service agreements for projects under our management and contracted but undelivered projects as of December 31, 2019:

	Projects under management				Contracted but undelivered projects[3]			
	GFA		Number of agreements		GFA		Number of agreements	
	sq.m.'000	*%*	*Number*	*%*	*sq.m.'000*	*%*	*Number*	*%*
Property management service agreements without fixed terms[1][2]	**9,304**	**40.6**	**69**	**46.3**	**6,903**	**49.1**	**40**	**48.2**
Property management service agreements with fixed terms								
Year ending December 31, 2020	7,778	33.9	34	22.8	688	4.9	6	7.2
Year ending December 31, 2021 and beyond	5,856	25.5	46	30.9	6,469	46.0	37	44.6
Subtotal	**13,634**	**59.4**	**80**	**53.7**	**7,157**	**50.9**	**43**	**51.8**
Total	**22,938**	**100.0**	**149**	**100.0**	**14,060**	**100.0**	**83**	**100.0**

Notes:

(1) Property management service agreements without fixed terms are typically (i) agreements entered into with property developers before a property owners' association is set up, and (ii) agreements entered into with certain property developers, owners or residents with whom we had property management service agreements that had fixed terms, but such terms expired and we continue to provide services until a new property management service agreement company becomes effective. We face certain risks if such property management agreements are terminated or not renewed. See "Risk Factors — Risks Relating to Our Business and Industry — We cannot assure you that we can secure new or renew our existing property management service agreements on favorable terms, or at all" in this prospectus for further discussion.

(2) As of the Latest Practicable Date, our renewal rate for the property management service agreements which were without fixed terms as of December 31, 2019 was 95.7% (including property management service agreements with terms that had expired but were still under our management as of December 31, 2019).

(3) The number of agreements for contracted but undelivered projects refer to the agreements for which the projects were contracted to us but no portion of such projects had been delivered for our management as of December 31, 2019. The GFA for contracted but undelivered projects include any and all of the GFA that had been contracted but undelivered to us for management. Accordingly, our 83 contracted property management service agreements as of December 31, 2019 included (i) 74 contracted but undelivered residential property projects with an aggregate GFA of approximately 10.9 million sq.m. and (ii) nine contracted but undelivered non-residential property projects with an aggregate GFA of approximately 1.5 million sq.m. In addition to these 83 contracted property service agreements, we also had ten residential property projects as of December 31, 2019 with partial delivery and for which a portion of such properties were contracted for our property management but not yet delivered to us, which had an aggregate total GFA of approximately 1.7 million sq.m., mainly because the relevant portions of the properties were still under construction as of the same date.

In 2017, 2018 and 2019, our renewal rate, which shows the percentage of projects to which we are able to continue providing services upon expiry of the original terms and engage in new contracts, for property management service agreements was 100%, 88.5% and 88.3%, respectively. In 2017, 2018 and 2019, our renewal rate for property management service agreements of residential properties was 100%, 97.9% and 98.0%, respectively, and in particular, we had renewed all of the property management service agreements with all of the newly established property owners' associations during the Track Record Period. In 2017, 2018 and 2019, our renewal rate for property management service agreements of non-residential properties was 100%, 73.3% and 81.7%, respectively. Our renewal rates in both 2018 and 2019 were lower than 100%, primarily because we chose not to renew certain property management service contracts due to their low profit margins.

Scope of Services

We provide the following major categories of property management services:

- *Cleaning services*. We provide cleaning services for property units and common areas which may include staircases, hallways, clubhouses and basements. We generally provide such services through third-party subcontractors.

- *Security services*. We seek to ensure that the properties we manage are safe and in good order. The security services we provide on a daily basis include, among others, traffic management, patrolling, video surveillance, car park security, emergency response, entry control and visitor management. We provide our security services primarily through third-party subcontractors and technological solutions such as surveillance cameras.

- *Landscaping services*. We provide landscaping services which mainly include pruning, plant watering and fertilization for the greenery of our managed properties. We generally provide such services through third-party subcontractors.

- *Repair and maintenance services*. We are generally responsible for ensuring elevator systems, power supply and distribution systems, water supply and drainage systems, fire extinguishing systems and other facilities and equipment located in common areas are in good working order. We provide repair and maintenance services through our own employees and third-party subcontractors.

While providing our property management services, we keep and update records in relation to property owners and residents, as well as respond to and record complaints and feedback on our services. See "— Quality Control — Feedback and Complaint Management" below in this section for more information. From time to time, we may also organize social events for the benefit of property owners and residents at the properties we manage. As of December 31, 2019, we employed 4,096 on-site personnel to provide property management service and engaged 132 selected subcontractors to provide certain property management services, mainly including cleaning services, security services, landscaping services and repair and maintenance services.

Portfolio of Properties under Management

We manage residential and non-residential properties. The non-residential properties under our management include, but are not limited to, government and public facilities, office buildings, industrial parks and schools. While residential properties have generated and are expected to continue to generate a large portion of our revenue, we continuously seek to provide diversified service offerings to non-residential properties.

The table below sets forth a breakdown of our total GFA under management as of the dates indicated and revenue from property management services for the years indicated by the type of property:

	As of or for the year ended December 31,											
	2017				2018				2019			
	GFA	Revenue		Number of projects	GFA	Revenue		Number of projects	GFA	Revenue		Number of projects
	sq.m.'000	*RMB'000*	*%*		*sq.m.'000*	*RMB'000*	*%*		*sq.m.'000*	*RMB'000*	*%*	
Residential properties[(1)]	8,654	116,100	79.1	43	11,385	168,562	68.0	55	14,642	221,754	64.8	79
Non-residential properties[(2)]	792	30,723	20.9	46	1,210	79,496	32.0	54	8,296	120,560	35.2	70
Total	**9,446**	**146,823**	**100.0**	**89**	**12,595**	**248,058**	**100.0**	**109**	**22,938**	**342,314**	**100.0**	**149**

Notes:

(1) In 2017, 2018 and 2019, the proportion of our revenue generated from managing residential Projects Developed by Zhenro Property Group to our total revenue generated from managing residential properties was 97.9%, 92.5% and 86.5%, respectively. The proportion of our revenue generated from managing residential Projects Solely Developed by Third-party Property Developers to our total revenue generated from managing residential properties was 2.1%, 7.5% and 12.8%, respectively, for the same years. The proportion of our revenue generated from managing residential properties of Jointly Developed Projects to our total revenue generated from managing residential properties was nil, nil and 0.7%, respectively, in 2017, 2018 and 2019.

As of December 31, 2017, 2018 and 2019, the proportion of our GFA under management for residential Projects Developed by Zhenro Property Group to our total GFA under management for residential properties was 83.3%, 80.2% and 73.0%, respectively. The proportion of our GFA under management for residential Projects Solely Developed by Third-party Property Developers to our total GFA under management for residential properties was 16.7%, 19.8% and 24.3%, respectively, as of the same dates. The proportion of our GFA under management for residential properties of Jointly Developed Projects to our total GFA under management for residential properties was nil, nil and 2.7%, respectively, as of December 31, 2017, 2018 and 2019.

(2) In 2017, 2018 and 2019, the proportion of our revenue generated from managing non-residential Projects Developed by Zhenro Property Group to our total revenue generated from managing non-residential properties was 51.3%, 21.0% and 29.3%, respectively. The proportion of our revenue generated from managing non-residential Projects Solely Developed by Third-party Property Developers to our total revenue generated from managing non-residential properties was 48.7%, 79.0% and 70.7%, respectively, for the same periods. The proportion of our revenue generated from managing non-residential properties of Jointly Developed Projects to our total revenue generated from managing non-residential properties was nil, nil and nil, respectively, in 2017, 2018 and 2019.

As of December 31, 2017, 2018 and 2019, the proportion of our GFA under management for non-residential Projects Developed by Zhenro Property Group to our total GFA under management for non-residential properties was 8.8%, 20.7% and 3.0%, respectively. The relatively low proportion of our GFA under management for non-residential Projects Developed by Zhenro Property Group was mainly a result of increased total GFA under our management for non-residential properties following our acquisition of Jiangsu Aitao in September 2017. The proportion of our GFA under management for non-residential Projects Solely Developed by Third-party Property Developers to our total GFA under management for non-residential properties was 91.2%, 79.3% and 96.9%, respectively, as of the same dates. The proportion of our GFA under management for non-residential properties of Jointly Developed Projects to our total GFA under management for non-residential properties was nil, nil and 0.1%, respectively, as of December 31, 2017, 2018 and 2019.

During the Track Record Period, we generated a substantial portion of our revenue from managing residential properties. Our total GFA under management for residential properties grew from approximately 8.7 million sq.m. as of December 31, 2017 to approximately 14.6 million sq.m. as of December 31, 2019.

While remaining focused on property management for residential properties, we also sought to diversify our portfolio of managed properties to include a wide range of non-residential properties. We have been contracted to manage government and public facilities, office buildings, industrial parks and schools. As a result, the proportion of our revenue generated from non-residential projects to our total revenue generated from managing properties increased from 20.9% in 2017 to 32.0% in 2018 and further to 35.2% in 2019. We believe that as we accumulate experience and recognition for the quality of our property management services to both residential and non-residential properties, we will be able to continue to diversify our portfolio of properties under management and further enlarge our customer base.

Growth of Our Project Portfolio

As of December 31, 2017, 2018 and 2019, we had 89, 109 and 149 projects under management, respectively, among which 51, 61 and 86, respectively, were Projects Solely Developed by Third-party Property Developers. As of December 31, 2017, 2018 and 2019, our total GFA under management was approximately 9.4 million sq.m., 12.6 million sq.m. and 22.9 million sq.m., respectively, among which approximately 2.2 million sq.m., 3.2 million sq.m. and 11.6 million sq.m., respectively, were Projects Solely Developed by Third-party Property Developers as of the same dates, and among which nil, nil and approximately 0.4 million sq.m., respectively, were Jointly Developed Projects as of the same dates. We have been growing our project portfolio during the Track Record Period primarily by obtaining new property management service agreements. Going forward, we intend to continue to increase our business scale and market share through organic growth as well as strategic investment and acquisition. See "— Business Strategies — Expand our project portfolio, explore strategic investment, acquisition and cooperation opportunities and grow our business scale and market share" above in this section for more information.

The table below presents the movement of our contracted GFA and GFA under management in terms of the project number and its corresponding GFA during the Track Record Period:

	As of or for the year ended December 31,											
	2017				2018				2019			
	Contracted projects[1]		Projects under management		Contracted projects[1]		Projects under management		Contracted projects[1]		Projects under management	
	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA	Number of projects	GFA
	(sq.m.'000, except for number of projects)											
As of the beginning of the year	38	10,162	28	5,382	117	16,212	89	9,446	175	24,871	109	12,595
New engagements[2]	29	3,889	11	1,904	67	8,819	29	3,309	58	11,235	41	9,451
Acquisitions[3]	50	2,161	50	2,160	–	–	–	–	13	1,574	13	1,574
Terminations[4]	–	–	–	–	(9)	(160)	(9)	(160)	(14)	(682)	(14)	(682)
As of the end of the year	**117**	**16,212**	**89**	**9,446**	**175**	**24,871**	**109**	**12,595**	**232**	**36,998**	**149**	**22,938**

Notes:

(1) Include projects under management and projects contracted but not yet delivered.

(2) Primarily include (i) preliminary property management service agreements for new projects developed by property developers and (ii) property management service agreements for residential or non-residential communities to replace their previous property management service providers. The renewed agreements are not regarded as the new engagements that we entered into during such year. The newly engaged GFA under management includes the newly delivered GFA we contracted in previous year.

(3) Refer to new GFA we obtained through our acquisitions of certain property management companies during the Track Record Period.

(4) Primarily include our non-renewal of certain property management service agreements as we reallocated our resources to more profitable engagements to optimize our project portfolio.

Property Management Fees

We adopt two fee models under which we charge property management fees on a lump sum basis or commission basis. During the Track Record Period, a substantial portion of our property management fees were charged on a lump sum basis, with the remainder charged on a commission basis. In 2017, 2018 and 2019, 99.8%, 99.7% and 99.7% of our revenue generated from property management services was charged on a lump sum basis, respectively, while 0.2%, 0.3% and 0.3% of our revenue generated from property management services was charged on a commission basis for those same periods, respectively. As of December 31, 2017, 2018 and 2019, 97.8%, 98.3% and 99.1% of our total GFA under management was charged on a lump sum basis, respectively, while 2.2%, 1.7% and 0.9% of our total GFA under management was charged on a commission basis as of the same dates, respectively. See "Risk Factors — Risks Relating to Our Business and Industry — We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis" in this prospectus for discussion of the related risks.

The following table sets forth a breakdown of our total GFA under management by fee model as of the dates indicated and revenue generated from property management services by fee model for the years indicated:

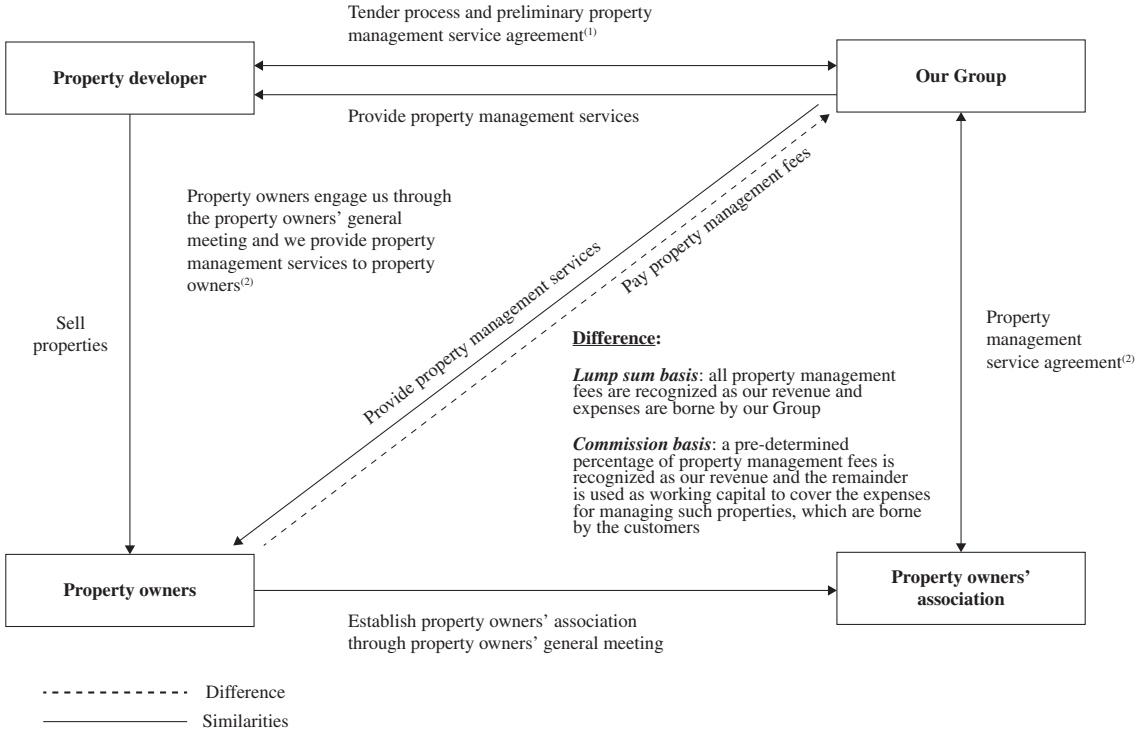
	As of or for the year ended December 31,								
	2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Lump sum basis . .	9,237	146,523	99.8	12,386	247,408	99.7	22,729	341,250	99.7
Commission basis. .	209	300	0.2	209	650	0.3	209	1,064	0.3
Total	**9,446**	**146,823**	**100.0**	**12,595**	**248,058**	**100.0**	**22,938**	**342,314**	**100.0**

We take into account a number of factors in determining whether to charge fees on a lump sum or commission basis, including, but not limited to, local regulations, personalized requirements specified by property developers or property owners' associations, local market conditions and the nature and characteristics of individual properties, and determine the fee model on a case-by-case basis.

The following sets forth the material differences between our property management services fees charged on a lump-sum basis and commission basis:

	Lump-sum basis	**Commission basis**
Revenue recognition	We recognise the full amount of our property management fees paid by property developers, property owners and residents as revenue.	We recognise a pre-determined percentage of our property management fees paid by property developers, property owners and residents as revenue.
Costs incurred in our provision of property management services	We bear the costs incurred in providing our property management services.	All direct costs we incurred in providing our property management services shall be borne by property owners and residents.
Shortfall or surplus between the general property management service fees and costs incurred in our provision of property management services	If the amount of property management fees received is not sufficient to cover all costs incurred, we are not entitled to request the property owners to pay us the shortfall.	We are not responsible for any shortfall if the amount of our property management fees received is not sufficient to cover all the costs incurred. Any shortfall or surplus is assumed by property developers, property owners and residents.

The following diagram illustrates the two fee models under which we manage residential properties:



Notes:

(1) The property developer can enter into a preliminary property management service agreement with us and such agreement is legally binding on the property owners.

(2) The property owners can select to engage us through the property owners' general meeting. Once we are selected, the property owners' general meeting can authorize the property owners' association to enter into a property management service agreement with us on behalf of the property owners and such contract is legally binding on all the property owners belonging to the relevant property.

Property Management Fees Charged on a Lump Sum Basis

During the Track Record Period, we derived a substantial portion of our revenue from property management service agreements on a lump sum basis. Our revenue from property management service agreements on a lump sum basis represented approximately 99.8%, 99.7% and 99.7% of our total revenue from property management services in 2017, 2018 and 2019, respectively. Under the lump-sum fee model, we charge a fixed and "all-inclusive" fee for our property management services which we provide through our employees and subcontractors, and our property management fees are charged on an annual, quarterly or monthly basis, depending on the terms of our property management service agreements. We are entitled to retain the full amount of property management fees collected from property developers, property owners and residents as revenue and bear the costs incurred in providing our property management services. According to CIA, the lump-sum fee model is the prevailing method of collecting property management fees in China, especially in relation to residential properties. See "Industry Overview — The PRC Property Management Industry — Major Fee Models in the PRC Property Management Industry" in this prospectus for further information.

Prior to negotiating and entering into our property management service agreements, we seek to prepare, as accurate as possible, an estimate of our cost of sales. Our cost of sales primarily includes labor costs, subcontracting costs, utility costs, costs for maintenance of public facilities, office expenses and other expenses. As we bear such expenses ourselves, our profit margins are affected by our ability to lower our cost of sales. In the event that our cost of sales is higher than anticipated, we may not be able to collect additional amounts from our customers to sustain our profit margins. See "Risk Factors — Risks Relating to Our Business and Industry — We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis" in this prospectus for further discussion. During the Track Record Period and up to the Latest Practicable Date, we did not incur any material loss in managing properties whose fees were charged on a lump sum basis.

Property Management Fees Charged on a Commission Basis

During the Track Record Period, we derived revenue from a limited number of property management service agreements under a commission basis. Our revenue from property management service agreements under commission basis represented approximately 0.2%, 0.3% and 0.3% of our total revenue from property management services in 2017, 2018 and 2019, respectively. Under the commission fee model, we generally collect a pre-determined percentage of the total amount of property management fees payable by our customers on a quarterly basis, which generally represent approximately 10.0% of the property management fees payable to us under the relevant property management service agreement. We recognize the commission fee as revenue, while the remainder is used as working capital to cover the costs we incur in providing our property management services. Such costs are borne by customers who pay us property management fees.

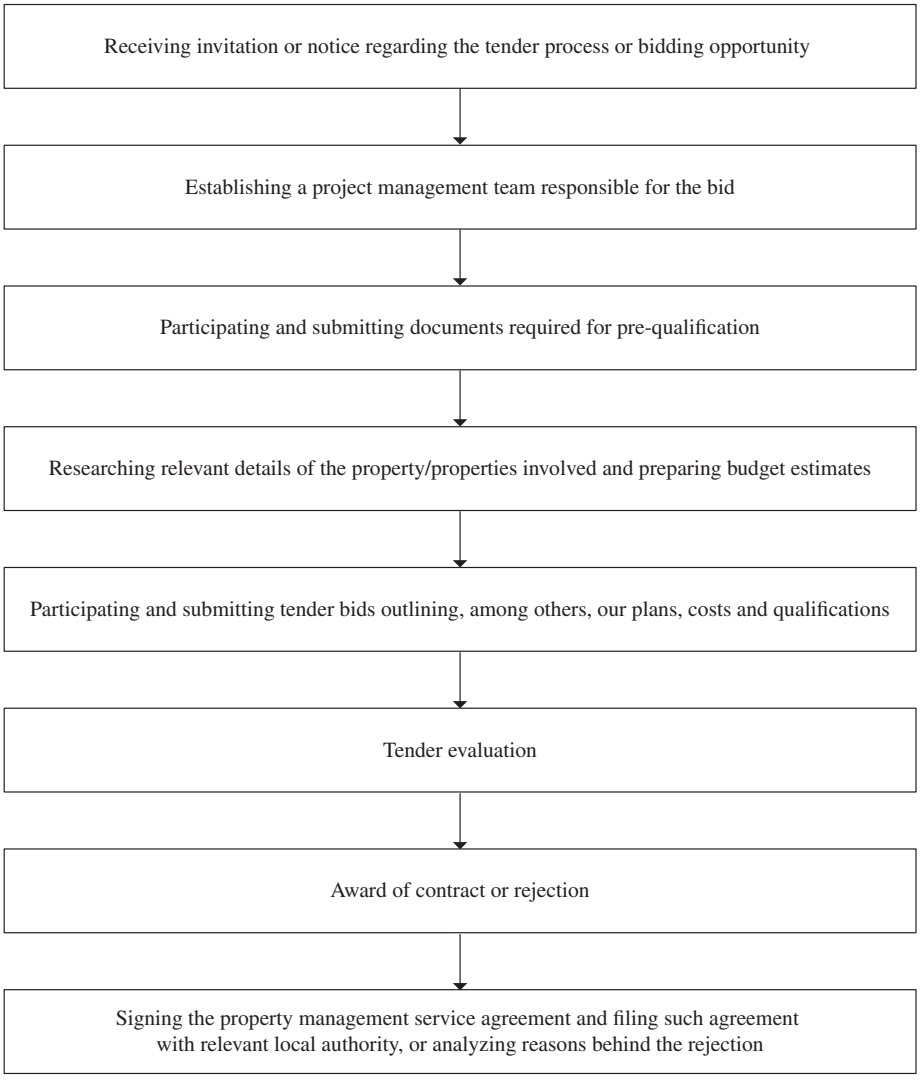
When we contract to manage residential communities on a commission basis, we essentially act as an agent of the property owners and residents. As the management offices of these residential communities have no separate bank accounts, all transaction related to such management offices are settled through our treasury function. As of the end of a reporting period, if the working capital of a management office accumulated in our treasury function is insufficient to cover the expenses the management office has incurred as of that reporting period and paid through our treasury function to arrange for property management services at the relevant resident community, the shortfall is recognized as long-term receivable subject to impairment. During the Track Record Period, none of the non-residential properties we had been contracted to manage was charged on a commission basis.

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

Tender Process

The majority of our property management service agreements are obtained by participating in tenders, a process whereby property developers or property owners' associations evaluate and select from multiple property management service providers. Invitations to tenders are usually issued by property developers for properties under development, or from property owners' associations for residential communities that wish to replace their existing property management service providers. Under PRC laws and regulations, property management companies are required to obtain preliminary property management service agreements for residential properties through participation in the tender process. If there are fewer than three bidders for any small-scale properties, the property developer can select and hire qualified property management company by directly entering into an agreement with the approval of the real estate administrative department of the relevant district or county government where the property is located. See "Regulatory Overview — Legal Supervision Over Property Management Services — Appointment of Property Management Companies" in this prospectus for more information on the relevant legal requirements on tender processes. A tender process is also required for engaging property management service providers for services over a designated amount in relation to non-residential properties owned by the PRC government agencies, institutions or organizations according to the Government Procurement Law of the PRC (《政府採購法》) and relevant laws and regulations.

The flow chart below illustrates each stage of the typical tender process for obtaining property management service agreements:



For properties developed by Zhenro Property Group and other property developers, we also participate in the tender process as required by relevant PRC laws and regulations before being awarded property management service agreement, which is a standard tender process regulated by applicable PRC laws and regulations.

The following table sets forth our bidding success rate by type of customer for the years indicated:

	For the year ended December 31,		
	2017	2018	2019
		%	
Zhenro[(1)]	100.0	100.0	100.0
Third-party property developers	28.9	51.7	28.0
Joint property developers[(2)]	50.0	100.0	100.0

Notes:

(1) Including (i) the project in 2018, for which we recognized revenue of RMB5.7 million for provision of property management services to the office occupied by Zhenro Group and such office was solely developed by an independent third-party developer; and (ii) the project in 2019, for which we recognized revenue of RMB3.2 million for provision of property management service to other properties developed by an associate of Zhenro Group, which associate was jointly held by Zhenro Group and Independent Third Parties for potential land reclamation and in which Zhenro Group held 49.51% of interest.

(2) Refers to Zhenro Property Group and other property developers in which Zhenro Property Group did not hold a controlling interest.

We had a higher bidding success rate in 2018 mainly because of our enhanced efforts to obtain more engagements in non-residential projects by leveraging relevant experiences of Jiangsu Aitao which we acquired in 2017 and as we bidded for more projects from independent third-party property developers with which we had prior business relationships. In 2019, we enhanced our efforts to expand business scale by participating in more bidding processes. The relatively low bidding success rate for projects from independent third-party property developers was primarily because we participated in an increasing number of tender processes during the Track Record Period, out of which we won 16, 44 and 41 projects in 2017, 2018 and 2019, respectively, in an effort to obtain more engagements, diversify our project portfolio and expand into new markets where we were in the process of establishing our brand awareness. This high bidding success rate with respect to our property management services provided to Zhenro, which mainly related to Projects Developed by Zhenro Property Group, during the Track Record Period was primarily attributable to, among others, (i) our long-standing relationship and established track record of providing property management services to Zhenro, which has helped to reduce communication costs between Zhenro and us, and (ii) the fact that we share a deep understanding about Zhenro Property Group's property projects and a similar service philosophy with Zhenro, which has enabled us to offer services that better meet Zhenro Property Group's needs and requirements for its property projects. We provided property management services to all of the properties developed by Zhenro Property Group during the Track Record Period. During the Track Record Period, our total contracted GFA increased from 16.2 million sq.m. as of December 31, 2017 to 24.9 million as of December 31, 2018 and further to 37.0 million sq.m. as of 2019.

In 2017, 2018 and 2019, we had entered into five, fourteen and seven contracts, respectively, without participation in tender process, among which four, eight and one were residential properties and one, six and six were non-residential properties, as tender processes are not required, or the projects have been endorsed by, the competent PRC regulatory authority. According to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), (i) a property developer of any residential properties shall select a property management company through participation in the tender process; where there are fewer than three bidders or the scale of residential property is relatively small, the property developer may select a property management company by directly entering into an agreement with the approval of the real estate administrative department of the district or county government where the property is located and (ii) a property management company is not required to be selected through the tender process to enter into the property management service agreement with the residential property owners' association. During the Track Record Period, with the approval or confirmations from the relevant authorities, ten contracts were entered into between our Group and the property developers of the residential properties directly while three contracts were entered into between our Group and the property owners' associations. In addition, pursuant to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), the non-residential property is not required to select a property management company through tender process. During the Track Record Period, we entered into 13 contracts for the management of non-residential properties. Based on the foregoing, our PRC Legal Advisors are of the view that contracts as stated above do not violate the tender process requirement under the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正).

Property Management Service Agreements

We generally enter into preliminary property management service agreements with property developers. A preliminary property management service agreement is a type of property management service agreement that we enter into at the construction and pre-delivery stage of property development projects.

In relation to residential properties that have already been delivered but the property owners' associations have not been established, we provide property management services to property owners and residents pursuant to the preliminary property management service agreements that we entered into with the property developer.

In relation to residential properties that have already been delivered and property owners' associations have been established, we enter into property management service agreements with property owners' associations on behalf of property owners. For non-residential properties, we enter into property management service agreements with the property owners. During the Track Record Period, a majority of our revenue from property management services was generated from preliminary property management service agreements entered into with property developers.

The table below sets forth a breakdown of our total contracted GFA and GFA under management as of the dates indicated, and revenue generated from property management services at different stages of our property management services for the years indicated:

	As of or for the year ended December 31,											
	2017				2018				2019			
	Contracted GFA	GFA under management	Revenue		Contracted GFA	GFA under management	Revenue		Contracted GFA	GFA under management	Revenue	
	sq.m.'000		*RMB'000*	*%*	*sq.m.'000*		*RMB'000*	*%*	*sq.m.'000*		*RMB'000*	*%*
Preliminary stages[(1)]	15,259	8,493	138,858	94.6	23,212	11,642	234,362	94.5	34,121	20,606	312,677	91.3
Property owners' associations stage[(2)]	953	953	7,965	5.4	1,659	953	13,696	5.5	2,877	2,332	29,637	8.7
Total	**16,212**	**9,446**	**146,823**	**100.0**	**24,871**	**12,595**	**248,058**	**100.0**	**36,998**	**22,938**	**342,314**	**100.0**

Notes:

(1) Include stages at which projects have been delivered but without the property owners' association having been established.

(2) Include property management projects where we rendered services after property owners' associations were established. See "— Property Management Service — Property Management Service Agreements — Key Terms of Dealing with Property Developers" below in this section for more details.

Key Terms of Dealing with Property Developers

Our preliminary property management service agreements with property developers typically include the following key terms:

- *Scope of services*. A typical preliminary property management service agreements with property developer sets out the required services by phase, including cleaning services, security services, landscaping services and repair and maintenance services. We also provide other customized services for specific assets.

- *Performance agreement standards*. The preliminary property management service agreements set forth the scope and expected standards, such as the frequency with which certain types of services are performed (for example, how often elevator maintenance is carried out) for our property management services.

- *Property management fees*. The preliminary property management service agreements would set forth the amount of property management fees payable, either on a lump sum or commission basis. The property developer is responsible for paying the property management fees for the units that remain unsold. For overdue property management fees, property developers pay an overdue penalty as specified in the agreement, and we may issue demand letter or attorney letter, or resort to litigation, as remedial measures.

- *Property developer's obligations*. The property developer is primarily responsible for, among others, ensuring that its property buyers understand and commit to their obligations in relation to the payment of property management fees after property delivery, and providing us with office facilities and other support necessary for carrying out our contractual obligations.

- *Term of service and termination*. Our preliminary property management service agreements generally have fixed terms of approximately three years, but will specify that they automatically terminate when a property owners' association is established and a new property management service agreement is entered into. Such preliminary property management service agreements will also specify that if they expire and no property owners' association has been established, then we may negotiate with the property developer to enter into a supplemental preliminary property management service agreement. Preliminary property management service agreements without fixed terms will generally terminate once a property owners' association is established and a new property management service agreement is entered into. Our preliminary property management service agreements may be terminated by the property developers if we fail to satisfy our contractual obligations and/or directly cause any reputational damage or economic losses to our customers, and fail to solve the relevant issue within a specified time period.

- *Dispute resolution*. Parties to the property management service agreement are typically required to resolve any contractual disputes through negotiations first before resorting to litigation or arbitration.

After delivery of the projects by property developers to the property owners, property owners may form and operate property owners' associations to manage the projects. The Property Law of the PRC, the Regulations on Property Management and the Guidance Rules of the Owners' Meeting and the Property Owners' Association stipulate that property owners' associations may be established at property owners' meeting by a vote of at least half of the property owners who own over half of the delivered GFA in the residential community. According to the Interpretations of the Supreme People's Court on Issues Relating to Application of Laws for Trial of Property Management Service Dispute Cases (《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》) (the "Interpretations"), a preliminary property management service agreement entered into between a property developer and a property management service company in accordance with the PRC laws and regulations is legally binding on the relevant property owners. According to the Interpretations, where any property owner contends that the preliminary property management service agreement is not applicable on the ground that he/she is not a party to the agreement, the relevant People's Court shall not uphold such claim. According to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), a sales contract concluded by a property developer and a property buyer shall include the contents stipulated in the relevant preliminary property management service agreement. Therefore, as advised by our PRC Legal Advisors, the preliminary property management service agreements entered into with property developers in compliance with the aforementioned regulations are legally binding on the relevant future property owners as the property sale and purchase agreements that property owners enter into

with property developers shall include the content of the preliminary property management service contracts. In addition, according to the Regulations on Property Management (2018 revision) (《物業管理條例》) (2018年修正), where there is only one owner, or where there are a few owners and they all agree not to form the property owners' general meeting, the owner(s) shall (jointly) perform the duties of the property owners' general meeting and the property owners' association. Thus, as advised by our PRC Legal Advisors, there is no compulsory requirement for property owners of non-residential properties to form property owners' associations under the PRC Property Law and relevant PRC laws and regulations. As for non-residential properties which have no property owners' associations, we directly negotiate and enter into contract with, and perform our property management services to, property owners who are therefore our customers after the delivery of non-residential projects by property developers to such property owners.

Once our preliminary property management service agreements have expired, we may negotiate with the newly-formed property owners' associations for the terms of new property management service agreements. As of December 31, 2019, 13 residential projects under our management established property owners' associations, accounting for 16.5% of the total number of residential projects under our management. The property owners' associations are independent from us. In order to secure and continue to secure property management service agreements, we must consistently provide quality services at competitive prices. According to the Regulations on Property Management, property owners' associations may hire or dismiss property management service providers by votes from more than half of the property owners who own over half of the GFA of delivered projects at the property owner meeting, provided that such decision will not constitute a violation of applicable law or a breach of the respective contract. The property owners' meeting may either hire a new property management service provider through the tender process or select one based on specific standards to do with terms and conditions of service, quality and price. See "Regulatory Overview — Legal Supervision Over Property Management Services — Appointment of Property Management Companies" in this prospectus for more information.

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. If, upon the expiration of the initial term of the preliminary property management service agreements, the property owners' association has not been formed or a new property management service agreement has not been entered into between the property owners' association and us, the preliminary property management service agreements typically will be renewed automatically until a new property management service agreement with the property owners' association is entered into. In cases where we have signed preliminary property management service agreements without fixed terms and no property owners' association is formed after delivery of the projects, or after the expiration of the preliminary property management service agreements with fixed terms, where property owners did not hire new service provider and we continued to provide property management services, property owners and residents are also legally obligated to pay property management fees directly to us for the services we continue to render.

Key Terms of Dealing with Property Owners' Associations

Our property management service agreements with property owners' associations typically include the following key terms:

- *Scope of services*. We typically agree to provide property management services including cleaning services, security services, landscaping services and repair and maintenance services. We also include value-added services and customized services, which property owners or residents may request by paying additional fees to us.

- *Performance standards*. The property management service agreement would set forth the expected standards for our property management services, including the areas to which our services relate, as well as the frequency of performance of services such as inspecting and maintaining facilities such as elevator systems, power supply and distribution systems, water supply and drainage systems and fire extinguishing systems.

- *Property management fees*. The property management fee would be payable either on a lump sum or commission basis by property owners and residents according to the relevant service agreement. When payable on a lump sum basis, our property management fees are generally charged by GFA. For overdue property management fees, property owners and residents pay an overdue penalty as specified in the service agreement. If we have agreed to providing property management service of car parks, the property management service agreement will also detail the fees payable for such services.

- *Rights and obligations of property owners and residents*. The property owners' association is primarily responsible for, among others, ensuring that property owners and residents understand and commit to their obligations in relation to the payment of property management fees, providing us with office facilities and other support necessary for carrying out our contractual obligations and reviewing or supervising plans and budgets that we may draw up in relation to our services.

- *Terms of service and termination*. Our property management service agreements generally have a fixed term of three years. Certain of these agreements provide that, if no new agreement had been entered into between the relevant property owners' association and other property management company upon the expiration of an existing agreement, the term of the agreement at issue shall be extended till the new property management service agreement between the relevant property owners' association and the newly engaged property management company become effective. During the Track Record Period and up to the Latest Practicable Date, neither we nor any property owners' association have unilaterally terminated any property management service agreement before the end of their terms. Our property management service agreements may be terminated by property owners' associations if we fail to meet the quality standards set out in the agreements and fail to rectify the issue within a specified time period.

- *Dispute resolution*. Parties to the property management service agreement are typically required to resolve any contractual disputes through negotiations first before resorting to litigation or arbitration.

Under PRC law, property owners' associations represent the interests of property owners in matters concerning property management. Decisions that are within the authorized scope of the property owners' association are binding on all property owners. Agreements between property owners' associations and property management service providers are valid and legally binding on all property owners concerned, irrespective of whether or not the property owners are individual parties to such contracts. Thus, we have legal claim rights against property owners for outstanding property management fees. Property owners and residents have the right to be informed of and to supervise the use of public funds, review our annual budget and any plans we prepare in relation to topping-up the public funds or our property management services in general. Property owners are jointly liable with the residents of their properties for the payment of property management fees.

Our Pricing Policy

We generally price our services by taking into account factors, such as characteristics, locations, our budget, target profit margins, property owners' and residents' profiles and the scope and quality of our services. We regularly evaluate our financial information to assess whether we are collecting sufficient property management fees to sustain our profit margins. During renewal negotiations for our property management service agreements, we may raise our property management fee rates as a condition precedent for continuing our services.

The price administration and construction administration departments of the State Council are jointly responsible for supervision over and administration of fees charged for property management and related services, and we are also subject to pricing controls issued by the PRC Government. In December 2014, the NDRC issued the Circular of the NDRC on the Opinions of Liberalizing Price Controls in Certain Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》) (the "Price Control Liberalization Circular"), which required provincial-level price administration authorities to liberalize the price control or guidance policies on residential properties, with certain exceptions. According to Measures on the Changes of Property Management Enterprise, property management fees charged shall be determined with references to the government guidance price or the market price, which is based on the nature and features of the relevant properties to which the property management services are provided. The specific pricing principles shall be determined by the competent price administration departments and property administration department of the local governments of each provinces, autonomous region and municipality. See "Regulatory Overview — Legal Supervision over Property Management Services — Fees Charged by Property Management Enterprises" in this prospectus for more details. During the Track Record Period, the property management fees charged by us complied with the relevant PRC laws and regulations in relation to such pricing control. According to CIA, our property management fees were generally in line with the relevant market trends with respect to property management fees charged by property management companies in the PRC during the

Track Record Period. We expect that pricing controls on residential properties will relax over time as relevant local authorities pass regulations to implement the Price Control Liberalization Circular. See "Risk Factors — Risks Relating to Our Business and Industry — We may fail to effectively anticipate or control our costs in providing our property management services, for which we generally charge our customers on a lump sum basis" in this prospectus for more details.

Payment and Credit Terms

We may charge property management fees on an annual, quarterly or monthly basis, depending on the terms of our property management service agreements. The fees for property management services are typically due for payment by property owners and residents upon our issuance of a demand note. We typically demand payment for our property management services upon receipt of the demand note by property owners and residents which, according to CIA, is consistent with the property management industry norm in the PRC. Although we can usually demand payment in advance according to the terms of our property management service agreements, property management fees are generally paid by our customers after the delivery of services and/or goods which, according to CIA, is largely in line with the property management industry norm in the PRC. We primarily accept payments for property management fees by cash or through online transfers, bank card, auto-pay or third-party payment platforms. Our fee collection efforts are subject to seasonal fluctuation as our customers tend to make payments for property management fees toward the end of the year. See "Risk Factors — Risks Relating to Our Business — The collection of our trade receivables is subject to seasonal fluctuations" in this prospectus for more discussion. To facilitate the timely collection of property management fees and other payments, we may send payment reminders to property developers, property owners and residents in writing on a quarterly basis. In relation to the collection of outstanding property management fees, we remind our customers of the outstanding amount by sending quarterly demand letters to such customers. If the outstanding fees remain unpaid six months after the original due date, we may issue a demand letter through attorneys via registered mail, and may file a lawsuit against such customer to claim the outstanding amounts. Concurrently, we will at least issue one demand letter per year to ensure that we fulfill requirements under PRC statutes of limitations, which impose a three-year deadline by which we may sue for outstanding property management fees. See "Financial Information — Description of Selected Items of Consolidated Statements of Financial Position — Trade Receivables" and "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to collect property management fees from property owners and property developers which could incur impairment losses on our trade receivables" in this prospectus for more information on our trade receivables and related risks thereof. To the extent permitted under PRC law, we charge property owners and residents for utility fees in relation to water and electricity consumed by common areas, in proportion to the total GFA under management that they occupy and in addition to agreed-upon property management fees.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

We also provide a series of value-added services to non-property owners, primarily property developers. In 2017, 2018 and 2019, our revenue generated from our value-added services to non-property owners amounted to approximately RMB110.4 million, RMB149.6 million and RMB262.3 million, respectively, accounting for approximately 40.4%, 32.8% and 36.6% of our total revenue for the same periods, respectively. Our value-added services to non-property owners primarily include but are not limited to the following services:

Sales Assistance Services

We may be contracted by property developers at an early stage of property development to provide sales assistance services. We help property developers with their preparation of marketing activities and recognize revenue based on the fees we charge, which are determined according to the cost we may incur.

We deploy our staff to assist property developers with their marketing activities on-site which may include, cleaning, security, maintenance of display units, visitor management and hospitality services. We enter into a sales-assistance service agreement with the property developer for such work, and the contract is generally set to expire when the property developer notify us that our sales assistance services are no longer required. Under our sales assistance service agreements, we are obligated to follow the service standards specified by our customers, while our customers are obligated to provide us with the facilities and equipment necessary to provide our services. We provide our sales assistance services through our own employees and subcontractors. To improve standardization and service quality, we have also formulated an internal "5S" management system for the sales assistance services to standardize and regulate approximately 142 specific services therein from five aspects that include service content, sight, smell and taste, sound, and customer satisfaction.

Additional Tailored Services

We may be contracted by property developers to provide additional tailored services, including, among others, cleaning, security and other similar services directly to such customers as may be required by such customers for their properties or in relation to particular areas or facilities of their properties. We offer our additional tailored services through our employees and our subcontractors. We provide these additional tailored services in separately signed agreements, and we collect fees for our additional tailored services by charging a profit mark-up on top of our costs. During the Track Record Period, we provided additional tailored services only to property developers.

Housing Repair Services

We offer housing repair services in relation to newly completed residential and non-residential properties. After delivery, property owners or residents may discover quality issues with newly-completed properties such as leaks and cracked walls. The property developer would then liaise with us to resolve those quality issues. We provide these services through our own employees and subcontractors, and our fees are charged based on GFA and price per sq.m.

Preliminary Planning and Design Consultancy Services

We provide preliminary planning and design consultancy services to property developers who expect to use our expertise to improve their sales and marketing performance. Our services include on-site consultations during the construction phase to help identity quality issues or improve understanding of the expectation of the end-users for the property, so that the property developers can better design the property to meet the needs of the end-users. We also help the property developer assess various planning documents and offer insight on the design and construction plans of the properties, including those related to landscaping, fire safety systems and waste disposal and drainage systems. We also provide on-site inspection assistance services during the construction to help monitor the construction progress and identify and follow up on any quality issues that need to be fixed. We generally enter into separate agreements with property developers for our preliminary planning and design consultancy services and such agreements may detail in the fee arrangements. We charge our fees for these services by GFA and price per sq.m. for our preliminary planning and design consultancy services.

Pre-delivery Inspection Services

We may be employed by property developers to conduct routine quality inspection of properties once the construction services have been completed. In such cases, our work may include deploying staff or experts on-site to conduct quality checks based on the quality guidelines provided by the property developers, assess any quality issues, report to the property developer and conduct follow-up visits to ensure that the issues have been resolved to our customer's satisfaction.

COMMUNITY VALUE-ADDED SERVICES

Leveraging our experience and in property management, we provide community value-added services to property owners and residents of our managed properties to address their lifestyle needs, enhance their living experience and create a healthier and more convenient community which may, in turn, elevate our brand name and increase customer loyalty to us. The community value-added services are offered primarily through our daily contact and interactions with the property owners and residents which include, but not limited to, home-living services, car park management, leasing assistance and other services, property agency services and common area value-added services.

In 2017, 2018 and 2019, our revenue generated from our community value-added services amounted to approximately RMB15.7 million, RMB58.7 million and RMB111.7 million, respectively, representing 5.7%, 12.9% and 15.6% of our total revenue for the same periods, respectively.

Home Living Services

We offer home-living services to improve the living experiences of residents, which may include cleaning, group purchase, turnkey furnishing and home maintenance and utility fee collection services.

- *Cleaning*. Our cleaning services mainly include collecting waste produced from property construction and/or interior decoration. These services are provided through our subcontractors and our fees are charged by GFA.

- *Group purchases*. We generally provide group purchases of products to property owners and residents in our residential communities. Products primarily include groceries, which can usually be priced at a discount for bulk purchase, so the residents can enjoy the benefit of living in a property community managed by us.

- *Turnkey furnishing services*. We generally provide property owners and residents the option of having us acquiring the needed furnishing for their properties. The services may include purchases and arrangement on the installation of furniture, home appliances and accessories according to the property owner or the resident's preferences and budget. Our fees may vary based on the scope of service determined by the property owner or resident and we charge the property owners and residents for service costs on top of the costs of the products purchased. We generally enter into separate agreements with property owners and residents, which set out the specific arrangements including completion dates and general description of the products and services provided by us.

- *Home maintenance services*. We offer home maintenance services to property owners and residents who want to clean the property unit before moving in or when moving out, and/or conduct repair and installation of home appliances and fixtures. We also provide services in relation to maintenance of water pipelines. Our services are generally made through subcontractors. We directly work with property owners and residents who requested such services and charge the property owners and residents for our services in according to pricing schedules, which may vary depending on the property.

- *Utility fee collection services*. We pay charges for water, electricity and heating on behalf of property owners and residents in certain residential communities. Residential communities situated in the northern region of China generate heating charges as distinguished from electricity charges in the colder seasons of the year, when central heating is turned on regionally as part of the national infrastructure. We charged no fee for our utility fee collection services during the Track Record Period.

Car Park Management, Leasing Assistance and Other Services

We manage and assist in the lease of car parks as well as other services. The property ownership rights of most car parks for which we provide such services belong to property developers and property owners. Our management services generally include entry or exit control, surveillance and collection of parking fees. The parking fees collected by us from tenants who use the parking spaces on behalf of property owners are made either on a periodic basis according to the relevant property management service agreements or one-off basis. Pursuant to the relevant property management service agreements, our management fees for the services we provided are typically collected on a monthly basis and charged in accordance with the relevant PRC laws and regulations and as a percentage stipulated in the property management service agreements. For leasing assistance of car parks, we assist in the leasing of the right to use the car parks, and other services which include preparation of marketing activities, decoration of parking spaces, as well as assistance with display units. We determine our service fees for these services by charging a profit markup on top of our costs.

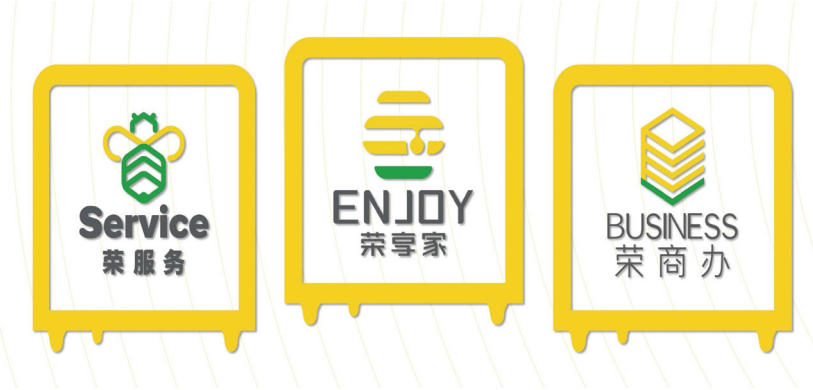
Common Area Value-Added Services

We provide property owners with certain value-added services such as advertising in common areas, for example, basements, elevators and outer wall advertising spaces and rental of common areas. We profit from our common area value-added services by collecting a portion of the fees on behalf of property owners in accordance with the relevant PRC laws and regulations and we generate revenue by receiving service fees as an agreed percentage stipulated in the property management service agreements. We enter into separate agreements with service buyers in relation to such services.

Property Agency Services

We provide property agency services to property owners and property developers in relation to properties and parking spaces that involve assisting in the searches for tenants or buyers, marketing and liaising and coordination with potential tenants or buyers. We have established a subsidiary in Jiangxi in June 2019 and a subsidiary in Jiangsu in July 2019 to develop our property agency services, and completed the registration in December and September 2019, respectively. We intend to leverage our relationships with property owners and residents in various residential communities to reach potential tenants and buyers. Once potential tenants or buyers are accepted by the property owner, we will help guide the property owner to close the sale or lease transaction. We generally charge our services on a fixed rate commission calculated as a percentage of sale price or rental income according to the contract associated with the sale or lease agency service between the property owner and us. Our fees typically are incurred and paid by property owners or the buyers according to the relevant sale or lease contract between the property owner or the buyer and us.

OUR BRANDS



We market our services under mainly three brands, and each is catered to a specific customer group. Certain brands include sub-brands which are designed to indicate the expected scope and standards of services provided. We believe that these brands help us to provide unified and clear messages about the type and level of services that we provide and enable us to maximize our market share by leveraging this differential positioning strategy to attract different customer groups:

- *"Rong Service" (榮服務).* Our "Rong Service" includes properties management services offered to residential properties with a goal to meet key aspects of daily life essential needs of residents. In addition, we provide tailored services based on a variety of factors, including the characteristics of the property we manage, clients' income level, local norms and customers' preferences. Currently, we offer three levels of services packages to residents, including "Rong Services 1.0," which is mainly targeted at customers' with their first home purchase, "Rong Services 2.0," which is mainly targeted at for customers with home upgrade needs, and "Rong Services 2.0+," which is mainly targeted at high-end communities;

- *"Rong Enjoy" (榮享家).* Our "Rong Enjoy" brand includes our value-added services with a goal to build a sense of community among property owners and residents to enrich their living experiences. We provide a variety of value-added services, which we categorized as "Value-added Services Big Eight Home" (增值服務八大家), including, "Sweet Home" (美築美家) referring to one-stop home decoration and renovation services, "Home Butler" (房管家) referring to housing agency services, "Home for A Life" (生活家) referring to group purchase, and flower purchase, "Home Delivery" (到家) referring to our cleaning, repair and maintenance services, "Healthy Home" (健康家) referring to our home appliance cleaning, air purification, and senior center services, "Tech Home" (科技家) referring to our smart maintenance and living facilities, and vehicle automatic identification system, "Educational Home" (教育家) referring to our facilities and events for children in the community, and "Eventful Home" (活動家) referring to our theme parties, family events and other social events we organize for the owners and residents in the community; and

- *"Rong Business" (榮商辦).* Our "Rong Business" brand includes our properties management services to commercial properties, office buildings and other types of non-residential properties with a goal to evoke prestige and eminence and raise the asset value of the properties we serve. We offer facility and equipment maintenance, and service planning and execution for commercial complex.

SALES AND MARKETING

The marketing departments at our headquarters and regional level are primarily responsible for developing our overall marketing strategy and objectives, conducting market research, and maintaining client relationships development. The marketing department at our headquarters is responsible for formulating our overall marketing strategies, contemplating related company policies in relation to marketing and sales, facilitating training and collaboration among branches and subsidiaries. The branches are responsible for the execution of our marketing strategies, conducting business development, managing our efforts in relation to tender bids and exploring other expansion possibilities.

Our subsidiaries and branches are generally responsible for implementing the sales and marketing strategies devised by our investment management and development department. They are also expected to explore and establish information channels within their respective localities for business development and market research purposes. Such information channels may include, for example, websites or other platforms on which property developers or property owner associations announce tender opportunities, uncovering business opportunities by way of recommendation or frequent communication with customers and other industry players, and organizing promotional events to showcase our service offerings.

We actively strive to form new and maintain existing business relationships with potential customers, particularly property developers. From time to time we will also organize events to promote or showcase our service offerings during holidays or other occasions as we see fit.

CUSTOMERS

Overview

Our customer base primarily consists of property developers, property owners and residents. We assess prospective customers by evaluating key factors such as estimated costs involved with property management, historical fee collection rates, projected profitability as well as whether the property was previously managed on a lump sum or commission basis.

The table below sets forth the main types of our major customers for each of our three business lines:

Business Lines	Major Customers
Property management services	Property developers, property owners and residents
Value-added services to non-property owners	Non-property owners, the majority of whom are property developers
Community value-added services	Property owners and residents

In 2017, 2018 and 2019, revenue from our five largest customers amounted to RMB107.4 million, RMB155.1 million and RMB202.4 million, respectively, accounting for 39.4%, 34.0% and 28.3% of our total revenue for the same periods, respectively. During the Track Record Period, our largest customer was Zhenro, to whom we provided property management services and value-added services to non-property owners. In 2017, 2018 and 2019, revenue generated from our services provided to Zhenro amounted to RMB91.5 million, RMB128.6 million and RMB169.6 million, respectively, accounting for 33.5%, 28.2% and 23.7% of our total revenue, respectively. The transactions with Zhenro Group, Zhenro Property Group and their respective associates constituted connected transactions. Other than Zhenro Group, Zhenro Property Group and their respective associates, the remaining five largest customers during the Track Record Period were Independent Third Parties. During the Track Record Period and as of the Latest Practicable Date, save for (i) Mr. ZR Ou who is beneficially interested in approximately 54.60% of the total number of issued shares of Zhenro Properties and approximately 91.90% of the equity interest in Zhenro Group Company; (ii) Mr. GQ Ou who is beneficially interested in 4.97% of the total number of issued shares of Zhenro Properties and approximately 8.10% of the equity interest in Zhenro Group Company; and (iii) Mr. Huang Xianzhi who is beneficially interested in 0.11% of the total number of issued shares of Zhenro Properties, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest customers. None of our largest five customers during the Track Record Period was our largest five suppliers.

See "Connected Transactions," "Relationship with Controlling Shareholders" and "Risk Factors — Risks Relating to Our Business and Industry — A majority of our revenue is generated from Zhenro, which are our connected person and we do not have control over" in this prospectus for more information. We have a well-established and ongoing business relationship with Zhenro, particularly Zhenro Property Group since 2004 when we started providing property management services for residential property projects of Zhenro Property Group in Fujian Province. Over years of cooperation, we have developed a deep understanding about their high standard and requirements, which has helped reduce communication costs between Zhenro and us and has enabled us to constantly provide the high-quality property management and value-added services that met Zhenro's stringent demands and requirements. We also believe that our efficient and high quality service, and mutual trust relationship is also

instrumental to the success of Zhenro Property Group in establishing a distinguished and well-recognized brand image nationally, while enabling us to reinforce our existing market position and enhance our competitiveness in China's property management industry. Going forward, based on our complementary business relationship, and considering the amount of time and efforts required to secure other service providers who can possibly provide services of comparable standard and scope, we consider we have competitive advantage which distinguishes us from our competitors and we believe will continue to be able to secure future engagements from Zhenro, particularly Zhenro Property Group.

Our Top Five Customers

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

Ranking	Customer	Major services provided	Commencement of business relationship	Credit term	Transaction amount[6]	Percentage of our total revenue
					RMB'000	*%*
1.	Zhenro	Property management and value-added services	2004[1]	By month or quarter	91,509[7]	33.5
2.	Customer A	Property management and value-added services	2017[2]	By quarter	6,268	2.3
3.	Customer B[3]	Property management and value-added services	2017	By quarter	3,598	1.3
4.	Customer C[4]	Property management and value-added services	2017	By year	3,048	1.1
5.	Customer D[5]	Property management and value-added services	2017	By month or quarter	2,969	1.1

Notes:

(1) Refers to the year when we commenced business relationship with Zhenro Property Group. We generated nil revenue from Zhenro Group in 2017.

(2) Refers to the year we acquired Jiangsu Aitao which commenced its business relationship with Customer A in 2008.

(3) Zhenro Property Group held 20.0% interest in Customer B.

(4) Zhenro Property Group held 49.0% interest in Customer C.

(5) Zhenro Property Group held 50.0% interest in Customer D.

(6) Refers to the transaction amount with the relevant customer exclusive of VAT.

(7) Representing the revenue generated from our property management and value-added services provided to Zhenro Property Group in 2017.

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

Ranking	Customer	Major services provided	Commencement of business relationship	Credit term	Transaction amount[3]	Percentage of our total revenue
					RMB'000	*%*
1.	Zhenro	Property management and value-added services	2004[1]	By month or quarter	128,649[4]	28.2
2.	Customer A	Property management and value-added services	2017[2]	By quarter	14,505	3.2
3.	Customer E	Property management and value-added services	2017[2]	By quarter	5,226	1.1
4.	Customer F	Property management and value-added services	2017[2]	By quarter	3,406	0.7
5.	Customer G	Property management and value-added services	2017[5]	By quarter	3,294	0.7

Notes:

(1) Refers to the year when we commenced business relationship with Zhenro Property Group. We had business relationship with Zhenro Group in 2018.

(2) Refers to the year we acquired Jiangsu Aitao which commenced its business relationship with Customer A and Customer F in 2008 and with Customer E in 2012.

(3) Refers to the transaction amount with the relevant customer exclusive of VAT.

(4) In 2018, revenue generated from our property management and value-added services provided to Zhenro Property Group amounted to RMB122.9 million, representing 26.9% of our total revenue in 2018. In addition, in 2018, we recognized revenue of RMB5.7 million for provision of property management services to office occupied by Zhenro Group.

(5) Refers to the year when we acquired Jiangsu Aitao.

The following table sets forth details of our top five customers in 2019:

Ranking	Customer	Major services provided	Commencement of business relationship	Credit term	Transaction amount[(4)]	Percentage of our total revenue
					RMB'000	*%*
1.	Zhenro	Property management and value-added services to non-property owners	2004[(1)]	By month or quarter	169,578[(2)]	23.7
2.	Customer A	Property management and community value-added services	2017	By quarter	14,945	2.1
3.	Customer D	Value-added services to non-property owners	2017	By month or quarter	6,063	0.8
4.	Customer H	Value-added services to non-property owners	2018	By month	5,987	0.8
5.	Customer I	Value-added services to non-property owners	2018	By quarter	5,833	0.8

Notes:

(1) Refers to the year when we commenced business relationship with Zhenro Property Group. We commenced business relationship with Zhenro Group in 2018.

(2) In 2019, revenue generated from our property management and value-added services provided to Zhenro Property Group amounted to RMB158.1 million, representing 22.1% of our total revenue in 2019.

We generally grant our customers with credit terms of 90 days and receive the payment through wire transfer. See "— Property Management Services — Property Management Service Agreements" in this prospectus for the key terms of our service contracts.

Information Security

We only collect customer data to the extent necessary for us to provide property management services with the consent of the customers. We have imposed strict controls on the access to, and usage of, those data by any third party. Employees of any business department or branch shall sign into the data system with their respective employee ID and password. Processing, sorting, management, and use of data shall be carried out in accordance with our data privacy and data security policies. We formulated internal rules to strictly limit access right to sensitive contents in our information systems. We classify our staff based on their positions and responsibilities and grant them different access rights and adopt password control and other technical means such that only necessary personnel could access certain confidential information. We regularly check our system logs, in which system users' behaviors are recorded, to further ensure information security. We also have access and control system to our computer rooms and electronic equipment, under which any unauthorized entry is not allowed. In addition, we organize regularly comprehensive risk assessment of information assets, and make strategies to develop internal intellectual management system. We have designated our information technology department to conduct frequent review of our digital platforms and systems to ensure that our collection, storage and use of users' data comply with our internal policies and applicable laws and regulations. We retain such personal information of property owners and residents when they remain as property owners and residents of the properties managed by us which will be removed when they cease to be property owners and/or residents of the properties managed by us and provided that there are no outstanding property management fees from our system and/or other outstanding issues. We also provide training to our employees to ensure that they are aware of our internal policies in relation to users' data protection. Based on the above, our PRC Legal Advisors are of the view that we are compliant with the applicable data privacy laws and regulations in the PRC.

SUPPLIERS

Overview

For all three of our business lines, our suppliers are primarily subcontractors located in China which provide cleaning, security, landscaping and certain repair and maintenance services. We outsource those services to lower our cost of sales and improve our service quality. Our subcontractors specialize in the services they perform and operate in an efficient manner. We believe that such subcontracting arrangements allow us to leverage the human resources and technical expertise of our subcontractors, reduce our labor costs and enhance our overall profitability. In 2017, 2018 and 2019, our subcontracting costs amounted to RMB27.8 million, RMB55.1 million and RMB107.9 million, respectively, accounting for 13.7%, 16.4% and 22.9%, respectively, of our total cost of sales for the same periods.

All of our five largest suppliers during the Track Record Period were subcontractors that were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their respective close associates or our Shareholders who, to the best knowledge of our Directors, owned more than 5% of the total number of issued Shares held any interest in any of our five largest suppliers. In 2017, 2018 and 2019, purchases from our five largest suppliers amounted to RMB9.3 million, RMB12.8 million and RMB22.8 million, respectively, accounting for 17.1%, 11.4% and 11.9% of our total purchases for the same periods, respectively.

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

Rank	Subcontractor	Major services provided	Commencement of business relationship	Transactional amount[(1)]	Percentage of total purchases
				RMB'000	*%*
1.	Supplier A	Cleaning services	2015	4,166	7.6
2.	Supplier B	Cleaning services	2016	1,592	2.9
3.	Supplier C	Cleaning services	2017	1,399	2.6
4.	Supplier D	Cleaning services	2017	1,266	2.3
5.	Supplier E	Cleaning services	2014	911	1.7

Note:

(1) Refers to the transaction amount with the relevant supplier exclusive of VAT.

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

Rank	Subcontractor	Major services provided	Commencement of business relationship	Transaction amount[(1)]	Percentage of total purchases
				RMB'000	*%*
1.	Supplier A	Cleaning services	2015	4,249	3.8
2.	Supplier F	Security services	2017	2,550	2.3
3.	Supplier G	Cleaning services	2017	2,389	2.1
4.	Supplier D	Cleaning services	2017	1,885	1.7
5.	Supplier H	Repair and maintenance services	2017	1,727	1.5

Note:

(1) Refers to the transaction amount with the relevant supplier before tax.

The following table sets forth details of our top five suppliers in 2019:

Rank	Subcontractor	Major services provided	Commencement of business relationship	Transactional amount[(1)]	Percentage of total purchases
				RMB'000	*%*
1.	Supplier I	Security services	2018	6,119	3.2
2.	Supplier F	Security services	2017	5,189	2.7
3.	Supplier J	Security services	2018	4,484	2.3
4.	Supplier A	Cleaning services	2015	3,630	1.9
5.	Supplier K	Security services	2019	3,365	1.8

Note:

(1) Refers to the transaction amount with the relevant supplier exclusive of VAT.

Our five largest suppliers generally grant us credit terms ranging from 5 days to 30 days, and payment to our suppliers are typically settled by wire transfers.

Selection and Management of Our Subcontractors

In general, our headquarters is responsible for supervising and reviewing the selection, management and evaluation of our subcontractors and makes the relevant policy decisions in this aspect of our business operations. Our subsidiaries and branches support our headquarters in their supervision, review and decision-making processes. In hiring subcontractors, our subsidiaries and branches may send invitations to tender to subcontractors on the pre-approved list and assess their tender submissions based on criteria such as service quality, industry reputation, price, past performance and cooperativeness.

We regularly monitor and evaluate our subcontractors. Managers for each property management project are expected to inspect the work of subcontractors on a monthly basis and record any issues they detect. We have also established internal policies and procedures for managing complaints received about services provided by our subcontractors. We formally review and evaluate our subcontractors on a weekly basis, except for cleaning and security services, which we conduct daily check for the relevant work carried out on the projects managed by us, and followed up with a review on a weekly basis.

Key Terms of Our Subcontracting Agreements

Our subcontracting agreements typically include the following key terms:

- *Term*. Such agreements are typically signed for one-year terms and may be renewed by mutual consent. We will consider re-engaging the subcontractors based on the quality of their services.

- *Performance standards*. The subcontracting agreement would set forth the scope and expected standards of the subcontractor's services, including the areas to which the subcontracting services relate. For subcontracting agreements in relation to services such as repair and maintenance of elevators and fire extinguishing systems, we may specify our expected standards as to their conditions and the types of inspections we require. We also require our subcontractors to adhere to our internal policies, such as those to do with quality standards, safety, reporting times, uniforms and etiquette guidelines.

- *Our rights and obligations*. Generally, we have both the right and obligation to supervise and evaluate our subcontractors. We are also responsible for providing them with the necessary support for the completion of their services, which may include, for example, the use of office facilities without charge. We generally pay subcontracting fees on a monthly or quarterly basis, depending on what is agreed on in the contract. We are entitled to collect damages for breach of contract or deduct subcontracting fees if our subcontractors fail to adhere to our performance scope and standards.

- *Rights and obligations of subcontractors*. Our subcontractors are responsible for obtaining all licenses, permits and certificates necessary for conducting their business operations in accordance with applicable laws and regulations. They also undertake to provide their services in accordance with the scope, frequency and standards of quality prescribed in the relevant subcontracting agreements.

- *Risk allocation*. Our subcontractors manage their own employees, with whom we have no employment relationship. Our subcontractors are responsible for compensating their own employees who suffer damages to person or property in the course of providing the contracted services. They are also responsible for damages to, or losses of, any person or property arising out of the default of such subcontractor in the course of providing the contracted services.

- *Procurement of raw materials*. Our subcontractors will generally procure their own tools and other raw materials required for providing their contracted services, unless specified otherwise in the agreement. Where our subcontractors need to procure certain raw materials for us, such as components to fire extinguishing systems or elevators, they are required to obtain our permission beforehand.

- *Termination and renewal*. We monitor and assess the performance of subcontractors regularly. Generally, we have the right to terminate the agreement if our subcontractors fail to adhere to their rights and obligations, make repeated mistakes or if we receive multiple complaints from our customers in relation to their services. Proposals to renew the agreement are generally made in writing 30 days before the contract expires.

EFFECTS OF THE COVID-19 OUTBREAK

Effects of the COVID-19 Outbreak on Our Business Operations

An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was first reported in late 2019 and continues to spread across the PRC and globally. As of the Latest Practicable Date, COVID-19 had spread across China and to over 210 countries and territories globally, and the death toll and number of infected cases continued to rise. With an aim to contain the COVID-19 outbreak, the PRC government has imposed extreme measures across the PRC including, but not limited to, the complete lock-down of Wuhan city since January 23, 2020, partial lock-down measures across various cities in the PRC, the extended shutdown of business operations, and the mandatory quarantine requirements on infected individuals and anyone deemed potentially infected.

As of the Latest Practicable Date, we contracted eight projects in Hubei province with a total contracted GFA of approximately 1.5 million sq.m., two of which were delivered to us for management with a total GFA under our management of approximately 0.2 million sq.m., representing approximately 0.8% of our total GFA under our management. Our community value-added services were available to about 760 households units in Wuhan city, Hubei province as of the Latest Practicable Date. Our exposure in Hubei province in terms of total revenue contribution was nil, 0.6% and 0.5%, respectively, during the Track Record Period. Going forward, we anticipate that the extent of our operations in Hubei province will continue to be limited, in terms of our expected GFA under our management.

To the best of our Directors' knowledge, as of the Latest Practicable Date, there had been no confirmed cases of COVID-19 infection of the residents, tenants or our staff of properties we managed in the PRC and none of our staff was subject to the mandatory quarantine requirements and thus failed to report to duties. Since the outbreak of COVID-19 and up to the Latest Practicable Date, we had not encountered any material disruption to the services provided by our subcontractors and utilities service providers and the supply of materials from our suppliers. Our Directors consider that while the supply chains in all industries will be disrupted to a certain extent by the outbreak of COVID-19, particularly due to the prolonged suspension of business operations in the PRC and the instability of workforce arising from the mandatory quarantine requirements, in view of the nature of our business, our Directors do not expect that our Group will encounter any material disruptions of our supply chain given that we do not rely on any particular service subcontractors or material suppliers and there are many other readily available subcontractors and suppliers in the market as back-up. In view of the foregoing, our Directors are confident that our Group can continue to provide our services and discharge our obligations under existing contracts.

To the best knowledge of our Directors after consulting Zhenro Property Group, we do not anticipate there will be any material delay in the delivery of the Projects Developed by Zhenro Property Group for our management as scheduled. Furthermore, to the best knowledge of our Directors, as of the Latest Practicable Date, five properties located in Hubei province with an aggregated contracted GFA of approximately 0.9 million sq.m. were under the development of

Zhenro Property Group. We were informed by Zhenro Property Group that while Zhenro Property Group anticipated certain delay in certain stages of its overall property development progress as a result of the extended business suspension imposed by the PRC government in curbing the COVID-19 outbreak, Zhenro Property Group expected that it has sufficient resources, capability and capacity to catch up with the process of developments and did not anticipate significant delay in completing the developments of the aforesaid properties. After consulting Zhenro Property Group, our Directors are of the view that nothing has come to their attention which would suggest otherwise. Accordingly, we believe such delay would not be significant and will unlikely have material adverse impact on our financial condition.

Unlike other industries such as retail and manufacturing which may be subject to extensive or even complete suspension of operations for a period of time as a result of the COVID-19 outbreak, given the nature of our business operations, our Directors are of the view that the risks of our Group having to suspend our operations or terminate our provision of property management and value-added services to customers, experience material interruption to the services provided by our subcontractors and utility service providers and supplies of raw materials, and reduce our property management fees as a result of the COVID-19 outbreak are remote. Based on the above, our Directors are of the view that no material adverse effect on our operations and financial performance is expected to result from the recent COVID-19 outbreak. In the unlikely event that we are forced to reduce or suspend part of our business operations, whether due to government policy or any other reasons beyond our control, due to the COVID-19 outbreak, we estimate our existing financial resources (including cash and bank balances and amounts due from related parties to be repaid before Listing) as of December 31, 2019 could satisfy our necessary costs for over 12 months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the impact of COVID-19 include: (i) we will not generate any income due to the suspension of business; (ii) all of our staff, including operational and administrative staff, are encouraged to take unpaid leave under mutual consent or dismissed upon proper notice in accordance with the employment contract and no significant compensation is incurred; (iii) we may incur one-month staff cost to dismiss front line staff assuming no mutual consent to take unpaid leave is obtained from them; (iv) the rental related payments including rentals, management fees and other miscellaneous charges that are paid monthly; (v) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level (including basic head office maintenance cost, utilities expenses, fees to be incurred as a listed company such as annual listing fee, annual audit fee, financial reports and compliance adviser fee); (vi) the expansion plan is delayed under such condition; (vii) there will be no further internal or external financing from Shareholders or financial institutions; and (viii) no further dividend will be declared and paid under such situation.

The abovementioned extreme situation may or may not occur. The abovementioned analysis is for illustrative purpose only and our Directors currently assessed that the likelihood of such situation is remote. The actual impact caused by the outbreak of COVID-19 will depend on its subsequent development; therefore, it is a possibility that such impact to our Group may be out of our Director's control and beyond our estimation and assessment.

Our Contingency Plan and Response Towards the COVID-19 Outbreak

In response to the COVID-19 outbreak, we have implemented a contingency plan to minimize the disruptions that may be caused to our business operations, including identification of and discussions with various suitable service subcontractors and material suppliers which meet our demands and requirements to ensure the stability and consistency of our services, sourcing of quantities of materials needed for our operations to reduce any disruptions that may cause, and implementation of the flexible rotation arrangements for our staff across the PRC with an aim to control and minimize possible community transmission of COVID-19. Further, we have also adopted enhanced hygiene and precautionary measures across the office premises and properties under our management since late January 2020. See "— Quality Control — Enhanced Hygiene and Precautionary Measures against the COVID-19 Outbreak" below in this section for more details. The additional costs for implementing these enhanced measures are expected to be mainly related with masks, ethanol hand wash, disinfectants and infrared thermometers. Our Directors believe that the additional costs associated with the enhanced measures, after taking into account the medical and cleaning supplies distributed by local governments, and relevant regulatory policies such as deduction of three-month payment of social insurance contributions would have no significant adverse impact on our Group's financial position for the year ending December 31, 2020.

Effects of the COVID-19 Outbreak on Our Business Strategies

Currently, it is one of our business strategies to expand our geographic presence and business to the four major regions in China. While the property market in the PRC may experience certain extent of impact as a result of the COVID-19 outbreak, given the continuous rise in the urban population and urbanization rate in China, we believe that the demand for residential and commercial properties in areas with high population density and spending power will remain high. According to the CIA Report, the outbreak of COVID-19 is expected to cause certain short-term economic slowdown across China but it will unlikely affect the regional macroeconomic development plan and talent attraction plan in the long run, and it is expected that once the outbreak is effectively controlled, the outlook for the demand of residential and commercial properties and related property management services in these cities will remain positive. We therefore believe that our expansion plan as discussed above is feasible, and it is unlikely that we would change the use of the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" in this prospectus as a result of the COVID-19 outbreak.

QUALITY CONTROL

We prioritize quality in our services and believe quality control is crucial to our long-term success and future prosperity. We have established a comprehensive quality control procedure, which includes, (i) a professional quality control team primarily responsible for implementing and maintaining service standards, standardizing service procedures and supervising service quality throughout our operational processes to ensure consistent adherence to such standards, coordinating training to our employees and carrying out regular inspections on the performance of our services; (ii) an internal quality control scheme closely aligned with our business

strategy, which is based on our employees' past experience, industry expertise and recommendations and has been kept upgraded according to our personnel's feedbacks and our management's assessment in a timely manner; and (iii) quarterly quality check conducted jointly by us and third-party organizations.

Quality Control of Our Property Management Services

We obtained the ISO 9001:2015 international quality management system certification, the ISO 14001 environment management system certification and the OHSAS 18001 professional health and safety management system certification in October 2017. See "— Occupational Health, Safety and Environmental Matters" below in this section for more details. As advised by our PRC Legal Advisors, our Directors confirm that, as of the Latest Practicable Date, we had obtained all material licenses, permits, certificates and approvals from relevant authorities for our operations in the PRC. We are required to renew such licenses, permits and certificates from time to time. We do not expect any difficulties in obtaining such renewals as long as we meet the applicable requirements and conditions set by relevant laws and regulations.

To ensure the effective and consistent delivery of our high quality services, we have established various procedures and systems to monitor and maintain the quality of our services across all our managed projects.

- *"Rong Wisdom" (榮智慧) Service Software*. See "— 'Rong Wisdom' Service Software" under this sub-section for further information;

- *"2157" customer complaint management procedures*. We adopt standardized procedures to manage customers' complaints under a system that is internally named as the "2157 system." "Two" represents the two-hour limit of providing a response upon receiving a customer's compliant. Within the first two hours, our standard procedures require our trained personnel to contact the customer and acknowledge receipt of the complaint. Our personnel would also discuss with the customer to understand the relevant background of the issue and propose a preliminary solution to the extent possible. On an as-needed basis, the personnel may also contact the relevant department, such as repair and maintenance, to schedule assistance to resolve the issue. "One" represents the one-day timeframe during which we generally expect to provide an agreed solution to the customer, and complete our relevant internal procedures with respect to filing of the complaint and related response and/or follow-ups. As part of the filing process, the relevant personnel at the regional brands also file reports with the relevant department at our headquarters for records. "Five" represents the five-day timeframe during which we generally expect to complete the procedures of handling a regular customer complaint, and conduct a preliminary customer satisfaction survey. "Seven" represents the seven-day timeframe for providing the final solution to the customer. In the event that the issue persists beyond seven days, our procedures require us to conduct follow-up with the customer and provide regular updates every seven days to ensure a workable solution is formulated for the customer. The relevant department at our headquarters normally conduct calls to follow-up with the customer to ensure;

- *Four-dimensional monitoring system*. We have established a four-dimensional monitoring system. The first dimension is a linear system that involve the quality control personnel at the property, regional branch and headquarters levels. Weekly evaluation is carried out at the project level, monthly or quarterly evaluation of relevant projects is carried out at the regional branch level, and the projects are sampled and inspected by the quality control personnel at the headquarters level from time to time. The second dimension involves external review of our property projects by property developers that we work with on a biannual basis. The third dimension involves the external and on-site review of properties managed by us by an external evaluator, FG Consulting Co., Ltd. (北京賽惟諮詢有限公司), on an anonymous basis. The fourth dimension involves the collection of customer evaluation responses of our services by CIA and our review thereof. Through this system, we maintain regular and close supervision of our service quality and optimize our customers' experiences;

- *Customer feedback collection*. We keep tracking our customers' feedbacks on our service quality. We have established a customer service office and a service supervision hotline to ensure that our customers have easy and convenient access to our service quality control center and that our property management staff can tackle with customers' concerns and complaints in a timely and effective manner. We require all requests and complaints from our customers be responded to and solved with a specific timeline. We also have designated "customer experience officer" to closely interact with customers and collect their feedback and opinions. See "— Quality Control — Feedback and Complaint Management" below in this section for further details. We also encourage our personnel to collect customer reviews in various ways, including, among other things, on-site visits and customer meetings and anonymous customer surveys; and

- *Independent third-party surveys*. We involve independent professional institutions, such as FG Consulting Co., Ltd. and CIA, which assist us to assess our service quality by independently conducting mystery customer surveys and customer satisfaction surveys.

To ensure consistent and high-quality services, we strive to standardize our property management services across all our managed projects. In addition, in order to leverage experiences of our team members, we implemented the "Half Step Plan" ("跬步計劃"), under which we collect exemplary cases of excellent services and publish internally on a monthly basis. We believe that such internal publicity would encourage our team members to learn from the examples and further improve the quality of our services. See "— Competitive Strengths — Standardized operational procedures, digitalization of operations and effective cost control measures" in this section for more information.

"Rong Wisdom" Service Software

We utilize our internal "Rong Wisdom" Service Software to monitor and maintain service quality by recording and organizing customers'complaints, customer feedbacks and our responses. This internal service software enable us to, among others, collect and manage customer inquiries, requests and feedbacks, organize and track our responses and follow-ups and conduct and record internal assessments on relevant issues. With "Rong Wisdom" Service Software, we are able to communicate with our customers through a third-party developed instant messaging software commonly used by our customers to bring convenience to customers and improve customer experience. This communication channel transmits inquires, requests and complaints from our customers to our internal system, which are then promptly reviewed and handled by our personnel. Our PRC Legal Advisors are of the view that "Rong Wisdom" Service Software as part of our internal quality management system is not subject to any foreign investment restriction under the relevant PRC laws and regulations.

Quality Control of Subcontractors

To ensure and maintain the quality of service provided by our subcontractors, we have established internal rules and procedures to monitor our selection of, cooperation with and inspections on the subcontractors. We have developed our own procurement management procedures and guidelines (招標採購管理規程) and engage our subcontractors in accordance with standardized procedures as stipulated. We generally include in the agreements with subcontractors detailed quality standards for the services to be provided and termination clauses in the event of the subcontractors' underperformance. For instance, if our subcontractors fail to meet the pre-agreed standards on the personnel attendance, competency, service quality assessment or safety management, we have the contractual rights to terminate the cooperation. We also establish policies in relation to subcontracting in certain subcontracting business, such as our security and cleaning subcontractors management rules (保安保潔供應商外包細則), to give detailed guidance over our consistent management during our cooperation with our subcontractors.

We regularly evaluate the performance of our subcontractors. Details of our internal quality control measures on the subcontractors are set as below:

- *Internal management review*. We conduct regular inspections and assessment on the performance of our subcontractors on a daily, weekly, monthly or seasonal basis, depending on the scale of the projects and areas involved. In addition, we conduct, from time to time, special inspections on specific business at the headquarter level;

- *Third-party assessment*. We invite guests unbeknownst to our employees to evaluate our service quality on-site and the services provided by subcontractors; and

- *Customer feedback collection*. We keep tracking our customers' feedback in relation to our subcontractors' performance through our customer surveys and 400 service supervision hotline.

We have the contractual right to adjust the subcontracting fees and decide whether to continue our subcontracting contract depending on the outcomes of such surveys. If the subcontractor fails to meet our quality standards, we will require the subcontractor to take necessary rectification measures, or may terminate our cooperation with the subcontractor.

Quality Control of Third-party Vendors

We implement a variety of measures and policies to ensure the quality of the products and services offered by third-party vendors, such as selecting vendors based on our internal quality control policy and screening candidate vendors before entering into cooperation agreements with them. The vendors are also required to indemnify us for losses incurred due to their defective products or underperforming services. We also have the right to replace a third-party vendor in the event of underperformance.

Enhanced Hygiene and Precautionary Measures against the COVID-19 Outbreak

In response to the COVID-19 outbreak, we have adopted enhanced hygiene and precautionary measures across the properties under our management since late January 2020. These measures include (i) regularly cleaning and disinfecting the common areas in our managed properties; (ii) monitoring the medical symptoms of the visitors at our managed properties by measuring their body temperatures; (iii) requiring our staff to wear suitable protective gear such as gloves and face masks; and (iv) promoting personal hygiene among our employees as well as property owners and residents of the properties we manage. The additional costs for implementing these enhanced measures are expected to be mainly related with masks, ethanol hand wash, disinfectants and infrared thermometers.

Feedback and Complaint Management

We believe that our customers are crucial to our business and value their feedbacks and suggestions. During the ordinary course of our business operations, we receive feedback, suggestions and complaints, such as report of loss of properties and request for repair of public facilities, from property owners and residents of the properties we manage from time to time regarding our quality and effectiveness of services. In order to manage our customers' feedbacks and complaints in an timely and effectively manner, we have established 400 service hotline to record, process and respond to the feedback, suggestions and complaints and conduct follow-up reviews of the results of our responses. We have established a 400 service hotline for residents living in the residential properties we manage, which has been up and running since 2017. Through the hotline, our customers can file complaints and provide feedbacks, and report any issues with their orders on products advertised on our service platform. We have also implemented our "2157" customer complaint management procedures to help ensure that issues raised by our customers are handled and resolved in a timely manner. See "— Quality Control — Quality control of Our Property Management Services" above in this section for more details. In order to provide better customer experience and enhance our customer service, we require all requests and complaints from our customers be responded to and solved with a specific timeline. Requests and complaints that do not get addressed within the specified

timeline will be escalated in our management system and will be ultimately addressed. If necessary, we will arrange on-site visits to the complainants to understand the nature of the complaints. We will revisit our customers within five days after their problems get resolved, and thus ensure that the results are satisfactory to our customers and their confidence in our services is restored. In cases where the problem is not solved within five days, we will closely track the outstanding issue and provide feedbacks to customers every seven days.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any customer complaints about our services or products that would have a material adverse impact on our operations or financial results.

INTELLECTUAL PROPERTY

We regard our intellectual property rights material to our business. As of the Latest Practicable Date, we had registered one domain name and ten trademarks which, in the opinion of our Directors, are material to our business. See "Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights of our Group" in Appendix IV to this prospectus for more information. As of the Latest Practicable Date, we were not aware of any infringement which could have a material adverse effect on our business operations by our Group against any intellectual property rights of any third party or by any third party against any intellectual property rights of our Group, or any disputes with third parties with respect to intellectual property rights.

AWARDS AND RECOGNITIONS

The following tables set forth some of our awards received as of the Latest Practicable Date:

Year	Award/Recognition	Awarding entity
2020	Ranked 19th among the 2020 Top 100 Property Management Companies in China in terms of overall strength (2020中國物業服務百強企業第19名)	CIA
2020	Recognized as one of the 2020 China Top 100 Property Service Providers Leading Enterprise for Satisfaction (中國物業服務百強滿意度領先企業)	CIA

Year	Award/Recognition	Awarding entity
2020	2020 China Property Service Industry Model Unit (中國物業服務行業示範基地) for our managed projects, Hongqiao Zhenro Mansion (虹橋•正榮府)	CIA
2019	Ranked 22nd among the 2019 Top 100 Property Management Companies in China in terms of overall strength (2019中國物業服務百強企業第22名)	CIA
2019	2019 Marketing Operational Leading Brand of China Property Service Companies (2019中國物業服務市場化運營領先品牌企業)	CIA
2019	2019 China Property Service Industry Model Unit (2019年中國物業服務行業示範基地) for our Nanjing Zhenro Runfeng Garden (南京正榮潤峯花園)	CIA
2019	Ranked 17th among the 2019 Community Services Providers in China (2019中國社區服務商第17名)	Yihan Zhiku (億翰智庫)
2019	Recognized as one of the Top Ten of the 2019 Community Services Providers in China by Growth (2019中國社區服務商成長性十強)	Yihan Zhiku
2019	Recognized as one of the Top 20 of the 2019 Community Services Providers in China by Brand Value (2019中國社區服務商品牌價值20強)	Yihan Zhiku
2019	Recognized as one of the 2019 Top 50 Most Valuable Brands of Property Management Service (2019中國物業服務企業品牌價值50強)	China Property Management Institute (中國物業管理協會)
2019	Recognized as one of the 2019 Leading Companies in Residential Property Services (2019住宅物業服務領先企業)	China Property Management Institute

Year	Award/Recognition	Awarding entity
2019	2019 Nanjing Property Management Model Project (2019年度南京市物業管理示範項目) for our managed project, Zhenro Runjin City Project (正榮潤錦城項目)	Nanjing Municipal Bureau of Housing Security and Management (南京市住房保障和房產局)
2019	2019 Nanchang Property Management Model Project (2019年度南昌市物業管理示範項目) for our managed project, Zhenro Yufeng Project (正榮御峰小區)	Nanchang Property Management Association (南昌市物業管理協會)
2018	Ranked 29th among the 2018 Top 100 Property Management Companies in China (2018中國物業服務百強企業第29名)	CIA
2018	2018 China Property Service Industry Model Units (2018年中國物業服務行業示範基地) for: • Putian Zhenro Runcheng (莆田正榮潤城); and • Shanghai Hongqiao Zhenro Centre (上海虹橋正榮中心)	CIA
2018	Recognized as one of the Top 18 of the 2018 Community Services Providers in China (2018中國社區服務商18強)	Yihan Zhiku
2018	Recognized as one of the Top Ten of the 2018 Community Services Providers in China by Growth (2018中國社區服務商•成長性十強)	Yihan Zhiku
2018	Recognized as one of the Top Ten of the 2018 Community Services Providers in China by Creativity (2018中國社區服務商•創新性十強)	Yihan Zhiku
2018	Recognized as one of the Top 50 of the 2018 Community Services Providers in China by Customer Satisfaction Model Company (2018中國社區服務商•客戶滿意度模範企業50強)	Yihan Zhiku

Year	Award/Recognition	Awarding entity
2018	Recognized as one of the 2018 Best 20 of China's Property Management Enterprises by Brand Value (2018年中國物業管理企業品牌價值20強)	China Real Estate Association (中國房地產業協會)
2018	Recognized as one of the 2018 Best 30 of China's Property Management Enterprises by Overall Strength (2018年中國物業管理企業綜合實力30強)	China Real Estate Association
2018	Ranked 22nd among the 2018 Top 100 Community Management Companies by Overall Strength (2018年物業服務企業百強綜合排名第22位)	China Property Management Institute
2017	Recognized as one of the Top Ten of the 2017 Community Services Providers in China by Growth (2017中國社區服務商•成長性十強)	Yihan Zhiku
2016	Recognized as the 2016 Provincial Property Management Model Residential District (2016年度全省物業管理示範住宅小區) for our Zhenro Yupin Shijia (正榮•御品世家)	Department of Housing and Urban-Rural Development of Fujian Province (福建省住房和城鄉建設廳)
2015	Recognized as the 2015 Provincial Property Management Model Residential District (2016年度全省物業管理示範住宅小區) for our Zhenro Yupin Lanwan (正榮•御品蘭灣)	Department of Housing and Urban-Rural Development of Fujian Province

COMPETITION

The property management industry in the PRC is intensely competitive and highly fragmented with a few sizeable companies and numerous small-sized market participants. Sizeable companies with professional knowledge, financial strength and background or affiliation with property developers are more competitive and are at a more advantageous position in the market. Therefore, although the PRC property management industry has relatively low entry barriers for the mid-tier and low-end segments, we believe that there are relatively higher entry barriers for the high-end segment.

As a reputable player in comprehensive property management segment, according to the CIA report, we primarily compete against large national, regional and local property management companies. We believe the core competitiveness lies in factors including, among

other things, quality of services, business operation, price, financial resources, brand recognition and reputation. In 2020, we were ranked 19th among the 2020 Top 100 Property Management Companies in China in terms of overall strength. In 2019, we were ranked 22nd among the 2019 Top 100 Property Management Companies in China in terms of overall strength.

See "Industry Overview" in this prospectus for more details about the industry and markets that we operate in.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are subject to PRC laws in relation to labor, safety and environment protection matters. We have established occupational safety and sanitation systems, implemented the ISO 14001 and OHSAS 18001 standards in our operations, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues. During the Track Record Period and up to the Latest Practicable Date, we had complied with PRC laws in relation to workplace safety in all material respects and had not had any incidents which have materially and adversely affected our operations.

We consider the environmental protection important and are committed to operating our business in compliance with applicable environmental protection laws and regulations. We have implemented reasonable measures in the operation of our businesses to comply with all applicable requirements. Given the nature of our operations, we do not believe we are subject to material environmental liability risk or compliance costs. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties for non-compliance of PRC environmental laws had been imposed on us, and we have not been subject to any material administrative penalties due to violation of environmental laws in the PRC.

INSURANCE

We believe that our insurance coverage is in line with the industry practice in the PRC and is sufficient to cover our current operation. We maintain insurance policies against major risks and liabilities arising from our business operations, primarily including (i) liability insurance to cover liabilities for property damages or personal injury suffered by third parties arising out of or related to our business operations, and (ii) employer's liability insurance for damages in relation with workplace injuries, accidents and occupational hazard involving our employees.

We are covered by property and liability insurance policies with coverage features that we believe are customary for similar companies in the PRC. However, our insurance coverage may not adequately protect us against certain operating risks and other hazards, which may result in adverse effects on our business. For more details, please refer to the section entitled "Risk Factors — Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation" in this prospectus for more details.

EMPLOYEES

We believe that our quality personnel is our key to success and future development. We place strong emphasis on recruiting and training quality personnel. We recruit talent from various sources, such as universities, third-party recruitment agency and other companies, and provide on-going training and promotion opportunities to our staff members.

As of December 31, 2019, we had a total of 4,496 full time employees in the PRC. The following table sets forth a breakdown of our employees by function as of December 31, 2019:

Function	Number of employees	% of our total employees
Senior management	14	0.3
Finance management	68	1.5
Quality management	56	1.2
Engineering management	61	1.4
Value-added services	72	1.6
Market development	45	1.0
Human resources and administration	84	1.9
Property management services for residential properties[(1)]	1,525	33.9
Property management services for non-residential properties[(1)]	2,571	57.2
Total	**4,496**	**100.0**

Note:

(1) Refer to our on-site property management services staff.

The following table sets forth a breakdown of our employees by geographic location as of December 31, 2019:

Geographic location	Number of employees	% of our total employees
Yangtze River Delta Region	2,204	49.0
Western Straits Region	924	20.6
Midwest Region	1,002	22.3
Bohai Rim Region	366	8.1
Total	**4,496**	**100.0**

As of the Latest Practicable Date, our employees did not form any labor union. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulties in recruiting suitable employees for our business operations. Neither did we have any material disputes with our employees, or experience any strike, labor disputes or industrial actions that may have a material adverse effect on our business, financial position and results of operations.

Recruiting

We rely on high quality personnel for our consistent delivery of high quality service. We endeavor to hire the best talented employees in the market by offering competitive wages, bonus, benefits, systematic training opportunities and internal upward mobility. Our recruiting processes primarily comprise the following stages:

- *Recruitment*. We recruit our candidates through various sources, including online advertisements, universities, third-party recruiting agencies and employee referrals;

- *Screening and selection*. Our screening and selection processes primarily include (i) review and screening of resumes by our human resources department, (ii) selection of resumes by the recruiting department, and (iii) face-to-face interviews by the human resources department and the relevant recruiting department;

- *Internal review*. Once qualified candidates are selected, we set salary levels based on our budgets and candidates' qualifications and submit to management for internal review and approval; and

- *Offer*. Once a candidate is internally approved, we send offer letter with salary package to the candidate.

Training

We provide various systematic and extensive training programs to our employees. Our employee training programs primarily cover key areas in our business operations, which provide continuous training to our existing employees at different levels to specialize and strengthen their skill sets. Our employee training programs are primarily classified into the following categories:

- *For the growth of our businesses*. We offer various training programs relating to our businesses so our employees would be more familiar with our operations and businesses, including trainings to improve the quality of our property management services, trainings relating to value-added services and trainings to facilitate the development of our Company. Such training programs cover areas and topics including but not limited to service optimization and diversification, quality control, supervision and management, digitalization, compliance and risk management.

- *For the growth of our employees*. We value our employees' personal development. We provide personnel training for new employees, management talents, department managers, property managers and senior management with different focuses. For instance, we provide training programs including "Rong Star" ("榮之星") for newly-recruited fresh graduates, "Rong Commander" ("榮之將") for our project managers and similar roles, "Spark Plan" ("星火計劃") for our marketing and promotion team, and "Leader Plan" ("領軍計劃") for our value-added service team. Through detailed assignment explanation, service skills practice, one-on-one coaching and performance evaluation, we aim to improve the overall skill level of our team members and better assist us to achieve our goals for market development and value-added services.

OUR BANK ACCOUNT AND CASH MANAGEMENT POLICY

We have a bank account and cash management system to manage the cash inflows and outflows of our branches in their ordinary course of business in accordance with PRC laws and regulations. We have established a cash management policy to monitor the work process of our branches, including but not limited to, requiring the approval of opening bank account and cash payments from our headquarters, setting the upper cash limit on hand for our branches, setting deadlines for depositing their cash received in the bank accounts, taking stock of the bank accounts and checking the cash balances daily as well as reconciliating the accounts weekly to lower the risks associated with cash management. We also encourage our branches to settle their transactions through bank transfers to enhance the safety of funds management. We have detailed cash management policy to regulate our cash management and bank deposits management to ensure security and the reasonable use of our cash. Details of our cash management policy are set out as follows:

Cash flow transactions	Cash handling policies and internal control measures
Receipt of property management fees, rent or other service fees from our customers	We have designated cashiers charged with cash collection at relevant properties. They will verify that the cash collected is the correct amount, deposit the cash collected to our bank account and submit report to our online management system on a daily basis. We require our branches to have separate bank accounts for cash inflow in relation to payments of property management fees, rent or other service fees and to deposit all cash they received in their bank accounts in a timely manner.

Cash flow transactions	Cash handling policies and internal control measures
Payments made to our suppliers by our branches	Such payment shall be submitted by related personnel in writing and pre-approved by the responsible supervising personnel according to the authority assigned to them by our internal manual. Once approved, the relevant payments shall be wired through online bank accounts by internal accountants of our branches.
Cash transfers from our branches to our centralized bank account	We transfer the cash deposited in the bank accounts of our branches to our centralized bank account through a bank-corporation direct transfer channel.
Cash transfers from our centralized bank account to our branches	We set a cash level for the bank accounts of our branches and adjust the cash level as necessary and appropriate to facilitate the business operation of our branches. In the event that the actual cash levels at the bank accounts of our branches fall below the pre-determined cash level, we transfer cash from our Company's centralized bank account to the bank accounts of our branches to supplement the shortfall for our regular operation.
Cash inventory and deposits	Our branches are required to reconcile and check bank balances on a daily basis. Our headquarters conduct bank balance and deposit check on a weekly basis and, where there is any inconsistency, require our branches to investigate and provide explanation and take punitive measures accordingly.

INTERNAL CONTROL AND RISK MANAGEMENT

We have implemented various risk management policies and measures to identify, assess, manage and monitor risks arising from our operations. Risks identified by our management team, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies. See "Risk Factors — Risks Relating to Our Business and Industry" in this prospectus for details of the major risks identified by our management.

In addition, we face various financial risks, including but not limited to interest rate, price, credit and liquidity risks that arise during our ordinary course of business. See "Financial Information — Market Risks" in this prospectus for further discussion.

In connection with the Global Offering, we engaged an independent internal control consultant to review our internal controls and to provide us with relevant recommendations associated with their findings, based on an agreed scope covering controls and procedures in the following aspects: our services, risk assessment system, environmental control, management structure, communication and supervision system, regulatory compliance, financial reporting and accounting procedures, management of suppliers and procurement, cash and treasury management, human resources and salary management, tax payments, informational technology systems, insurance, fix assets, application of licenses and permission and other general control measures. Meanwhile, we have implemented rectification and improvement measures to respond to the findings and recommendations. The internal control consultant has also completed the follow-up with the remedial and improvement measures implemented by us as scheduled; and we have not received any additional recommendations from the internal control consultant as of the Latest Practicable Date. We have also adopted various policies to ensure compliance with the Listing Rules, including those in relation to risk management, continuing connected transactions and information disclosure. Taking into consideration of the above, our Directors are of the view that our enhanced internal control measures are adequate and effective for our current business environment.

PROPERTIES

As of the Latest Practicable Date, we owned two properties in the PRC with an aggregated GFA of approximately 6,991.0 sq.m., which we held for self-use or lease. We have obtained the building title certificates for both properties we own.

As of the Latest Practicable Date, we also leased nine properties in various locations with an aggregated GFA of approximately 1,842.6 sq.m. for use as office, business operations and staff accommodation.

As of the Latest Practicable Date, we had not registered the lease agreement for one of our leased properties, which is used as office premise with a total GFA of approximately 70.6 sq.m., with the local housing administration authority as required under PRC law, primarily due to lack of cooperation from the landlord in providing title certificate and proof of ownership and registering the lease agreement, which were beyond our control. According to the relevant PRC laws and regulations, we might be ordered to rectify this failure to register by competent authority and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 may be imposed on us as a result. In the event that we are required to relocate from such leased property, given the nature of our operation, we believe that it would not be difficult for us to identify and relocate to an alternative premise and relocation would not result in any material disruptions to our business. Although we may incur additional relocation costs, our Directors are of the view that this would not have any material impact on our business, financial position and results of operations. As of the Latest Practicable Date, we had not

received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to register the lease agreement described above. Our PRC Legal Advisors have also advised us that the failure to register the lease agreement would not affect the validity of the lease agreement, and our Directors are of the view that such non-registration would not have a material adverse effect on our business operations or constitute a material legal obstacle for the Listing.

We had no single property with a carrying amount of 15% or more of our total assets as of the Latest Practicable Date and, therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by section 6(2) of the Companies (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may be involved in legal proceedings or disputes in the ordinary course of business from time to time, such as contract disputes with our customers and suppliers. As of the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations.

Compliance

Save for the following historical non-compliance incident, our Directors are of the view that we had complied with all relevant laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Non-compliance incident

During the Track Record Period, we failed to (i) register with the relevant government authorities within a prescribed period for housing provident fund and set up the relevant housing provident fund accounts for some employees of our subsidiaries and branches; and (ii) make full contribution to the social insurance and housing provident funds for some of our employees of our subsidiaries and branches as required under the relevant PRC laws and regulations.

Reasons for non-compliance

The non-compliance incident took place mainly because (i) some of our employees chose not to make contribution to the social insurance and housing provident funds as they preferred not to bear their portion of the relevant contribution; and (ii) our staff who were responsible for such matters of our subsidiaries and branches did not adequately understand the local regulatory requirements where we operated.

Legal consequences and potential penalties

According to the relevant PRC laws and regulations, (i) for outstanding social insurance fund contributions that we did not fully pay by the prescribed deadlines, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions by a stipulated deadline and we may be liable for a late payment fee equals to 0.05% of the outstanding contribution amount of each day of delay. If we fail to make such payments by a stipulated deadline, we may be liable to a fine of one to three times of the outstanding contribution amount; and (ii) for the housing provident fund registration that we fail to complete before the prescribed deadline, the relevant government authorities may demand us to complete the housing provident fund registration by a stipulated deadline. If we fail to rectify by that deadline, we may be subject to a fine ranging from RMB10,000 to RMB50,000 for each non-compliant subsidiary or branch and, for outstanding housing provident fund contributions that we did not fully pay within the prescribed period, the relevant government authorities may demand us to pay the outstanding housing provident fund contributions by a stipulated deadline. If we fail to rectify by that deadline, we may be subject to an order from the relevant People's court for compulsory enforcement. Our Directors estimate that the maximum penalty that can be imposed on us if we fail to make the required payments in respect of the outstanding social insurance and housing fund contributions within the prescribed periods would be approximately RMB10.0 million as of December 31, 2019.

Remedies and rectification measures taken and internal control measures adopted

As of the Latest Practicable Date, we had established and registered accounts for housing provident funds for all of our PRC subsidiaries and branches for which we had any employees.

Our Directors are of the view that such non-compliance would not have a material and adverse effect on our business and results of operations, considering that: (i) as of the Latest Practicable Date, we had not received any notification from the relevant government authorities requiring us to pay any shortfalls or imposing any penalties with respect to social insurance and housing provident funds; (ii) we were not aware of any employee complaints nor have we received any demand or court filings or notices from any current or former employees regarding any outstanding social insurance or housing provident fund contributions as of the Latest Practicable Date; (iii) we had made the provisions in the amount of RMB1.9 million, RMB4.5 million and nil, respectively, for 2017, 2018 and 2019 on our financial statements in respect of potential liabilities arising from such non-compliance; (iv) our undertaking to complete the necessary registration or make contributions within a prescribed period if we receive any request from the relevant government authorities; (v) our Controlling Shareholders provide an indemnity in favor of our Group to indemnify against any claims, charges, fines and other liabilities arising from such non-compliance; and (vi) based on the foregoing, our PRC Legal Advisors had advised us that the likelihood that we would be penalized for such non-compliance by the relevant government authorities is remote.

In addition, we adopted various internal policies and procedures to ensure that we establish the relevant accounts and make full contribution relating to social insurance and housing provident funds under the relevant PRC laws and regulations. These internal policies and procedures include: (i) regularly communicating with relevant government authorities or agencies to ensure that our calculation and payment methods are in accordance with the relevant laws and regulations; (ii) regularly consulting external counsel to adequately understand and interpret the relevant PRC laws and regulations and timely identify any non-compliance issues, (iii) preparing periodic reports regarding our contribution progress, including contribution amounts, for review by our Board, and (iv) conducting internal trainings for our Directors, members of our senior management and relevant personnel responsible for complying with the social insurance and housing provident fund plans. Based on the above, our Directors are of the view that we have implemented adequate and effective enhanced internal control measures internally.

OVERVIEW

Immediately upon completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, WeiZheng, WeiYao and WeiTian, which are wholly-owned by Mr. ZR Ou, will, in aggregate, directly own approximately 65.5% of the total number of issued Shares. Hence, WeiZheng, WeiYao, WeiTian and Mr. ZR Ou will be our Controlling Shareholders under the Listing Rules.

Mr. ZR Ou was the founder of Zhenro Group, under which Zhenro Property Group and our Group were established. He has over 20 years of experience in the property development and construction industries. Mr. ZR Ou is currently the chairman and a director of Zhenro Group Company and, apart from his interests in Zhenro Property Group and our Group, he, through Zhenro Group, is engaged in various non-real estate related businesses, details of which are set out in "– Delineation of Business" in this section below. Throughout the history of our Group, the operations and management of our Group have been entrusted to our management team, led by Mr. Huang Liang and Mr. Huang Sheng, our executive Directors, so as to allow Mr. ZR Ou to focus on his other business interests. WeiZheng, WeiYao and WeiTian are companies incorporated in the BVI with limited liabilities and are Mr. ZR Ou's wholly-owned investment holding companies incorporated for the purpose of holding Mr. ZR Ou's interest in our Group.

DELINEATION OF BUSINESS

Our Group is primarily engaged in the provision of property management services for residential and non-residential properties, value-added services to non-property owners and community value added-services.

Apart from our business, Mr. ZR Ou, through Zhenro Group Company of which he owned as to approximately 91.9%, is engaged in various non-real estate related businesses which have no competition with our Group. The businesses of Zhenro Group Company and its subsidiaries include participation in various provincial and municipal infrastructure projects, such as construction and operation of highways and interchanges in Fujian and Jiangxi provinces, reclamation of land for agricultural and construction uses in Fujian province, as well as financial and private equity investments, the portfolio of which exceeds RMB1 billion and comprises securities institutions, investment management companies, investment funds and consultancy companies.

Mr. ZR Ou is also beneficially interested in approximately 54.6% of the total number of issued shares of Zhenro Properties, the shares of which are listed on the Stock Exchange (stock code: 6158). Zhenro Properties, through its subsidiaries and associates, is principally engaged in the businesses of property development, property leasing and commercial operational services. In particular, the commercial operational services of Zhenro Property Group focus on marketing and leasing portfolio management of shopping malls and other commercial spaces for mixed-complexes operated under its brand name of "Zhenro", which does not form part of our business. Zhenro Property Group does not engage in the provision of security, cleaning,

landscaping, repairs, maintenance services and other value-added services (the "**Services**"), which require close attention in the day-to-day affairs of the managed properties and experience and expertise in their maintenance controls and facilities management. The Services, which are limited and ancillary to its commercial operation services, are outsourced by Zhenro Property Group to other service providers and are not provided as a standalone business of Zhenro Property Group. Given the difference between the business of our Group and the business of the companies controlled by our Controlling Shareholders, including Zhenro, our Directors are of the view that there is a clear business delineation. As a result, none of the business of the companies controlled by our Controlling Shareholders would compete or is expected to compete, directly or indirectly, with the business of our Group which would require disclosure under Rule 8.10 of the Listing Rules.

To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favor of our Company to the effect that each of them will not, and will procure each of their 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, further details of which are set out in "– Deed of Non-Competition" in this section below.

Save as disclosed above, as of the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

OUR BUSINESS RELATIONSHIP WITH ZHENRO

Our Group has a well-established and ongoing business relationship with Zhenro, particularly Zhenro Property Group, since 2004 when we started providing property management services for residential property projects of Zhenro Property Group in Fujian Province.

Zhenro Property Group is a large-scale comprehensive property developer in China, focusing on mid to high-end property development. According to CIA, Zhenro Property Group was ranked 18th and 19th among the 2020 and 2019 Top 100 Real Estate Developers in China in terms of overall strength in 2020 and 2019, respectively. According to the 2019 annual report of Zhenro Properties, Zhenro Property Group recorded a total contracted sales of approximately RMB130.7 billion in 2019, and had a land bank with a total GFA of approximately 26.2 million sq.m., consisting of 182 residential and non-residential projects in 30 cities across China, as of December 31, 2019.

During the Track Record Period, our Group was engaged by Zhenro Property Group and its associates to provide the Services for their property projects and commercial properties operated by them. Specifically, we were engaged by them to provide (i) pre-delivery property management services for their residential property projects before the delivery of such properties to the property owners; and (ii) management and related services for their property

projects and their display units, sales offices and community clubhouses as well as commercial properties operated by them. Our Directors confirm that, to the best of their knowledge and belief, our Group provided property management services to all of the properties developed by Zhenro Property Group during the Track Record Period. Accordingly, during the Track Record Period, our bidding success rate in tendering bids for Projects Developed by Zhenro Property Group was 100% for each of 2017, 2018 and 2019. On the other hand, during the Track Record Period, we were engaged by Zhenro Group to provide property management services and value added services in respect of the office occupied by it and other properties held by the associate of Zhenro Group for potential land reclamation.

We consider our close business relationship between our Group and Zhenro to be mutual and complementary. Over years of cooperation, our Group and Zhenro, particularly Zhenro Property Group, have developed a mutual and deep understanding of the business operations of the other and shared a similar service philosophy. Our long-standing relationship and established track record of providing the Services to Zhenro Property Group is owed to our familiarity with the standards and requirements of Zhenro Property Group, which has helped reduce communication costs, accumulate tacit knowledge of service provisions to Zhenro Property Group, build mutual trust and has enabled us to constantly provide the high-quality property management services that met Zhenro Property Group's stringent demands and requirements for high-quality residential properties. We believe that our close and long-term cooperative relationship with Zhenro Property Group is instrumental to the success of Zhenro Property Group in establishing a distinguished and well-recognized brand image nationally, while enabling us to reinforce our existing market position and enhance our competitiveness in China's property management industry. Going forward, based on our mutual and complementary business relationship, and considering the amount of time and efforts required to secure other service providers who can possibly provide services of comparable standard and scope, we consider we have competitive advantage which distinguishes us from our competitors and we believe will continue to secure future engagements from Zhenro, particularly Zhenro Property Group.

As of December 31, 2019, we were contracted by Zhenro Property Group to manage 61 property projects of Zhenro Property Group which were undelivered with a total contracted GFA of approximately 9.5 million sq.m., covering 25 cities within four regions in China. In addition, according to the 2019 annual report of Zhenro Properties, construction is estimated to be completed during the period from 2020 to 2022 for 99 property projects of Zhenro Property Group under development with a total site area of approximately 5.0 million sq.m. and a total GFA of approximately 23.7 million sq.m., covering 27 cities within six regions in China, which pre-sales and/or delivery is expected to commence during the period. The increase in land bank of Zhenro Property Group as of December 31, 2019 will also lead to the expected increase in demand for our Services. According to the 2019 annual report of Zhenro Properties, in 2019, Zhenro Property Group and its associates acquired a total of 41 new land parcels with a total site area of approximately 2.0 million sq.m., and an aggregate estimated GFA of approximately 5.6 million sq.m. As we provided property management services to all of the Projects Developed by Zhenro Property Group during the Track Record Period, and our bidding success rate in tendering bids for Projects Developed by Zhenro Property Group was 100% for

each of 2017, 2018 and 2019, our Directors consider that our Group is likely to be engaged by Zhenro Property Group to provide property management services and value-added services for most of these property projects under development before they will be delivered to the respective property owners. It is therefore expected that our Group will continue to be engaged by Zhenro, particularly Zhenro Property Group, for the provision of the Services after the Listing. See "Connected Transactions" in this prospectus.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates (other than our Group) after Listing for the following reasons:

Management Independence

Our Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. Save for the two non-executive Directors, namely (i) Mr. Huang Xianzhi who is a director and president of Zhenro Group Company and an executive director, chairman of the board and chief executive officer of Zhenro Properties; and (ii) Mr. Chan Wai Kin who is an executive director of Zhenro Properties, there is no overlap of directors and members of the senior management between our Group and our Controlling Shareholders (and their respective close associates).

Each of our Directors is aware of his fiduciary duties as a Director, which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and any of the Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business operations of our Group independently from our Controlling Shareholders.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates after the Listing.

Operational Independence

We engage in our businesses independently from our Controlling Shareholders and their close associates, with the independent right to make operational decisions and implement such decisions.

In respect of our property management services, we generally secure our preliminary property management service agreements through a standard tender process regulated by applicable PRC laws and regulation. Our Group does not enjoy a preferential right to be engaged as the preliminary property management service provider for Projects Developed by Zhenro Property Group, and our tender bids are considered on the same basis with the tender bids submitted by other property management service providers during the tender process. We undergo the same tender process to secure preliminary property management service agreements with respect to residential property projects developed by third party property developers. See "Business – Property Management Services – Tender Process" in this prospectus.

At the post-delivery stage, the property management services are provided by us directly to the property owners, and the property owners, after conducting their own evaluation procedures through the property owners' general meetings, have the right to engage (or dismiss) the property management services provider. Both our Group and Zhenro Property Group do not have any decisive influence over the engagement or dismissal decision of the relevant property management services provider by property owners' association.

As of December 31, 2017, 2018 and 2019, the proportion of GFA under our management for Projects Developed by Zhenro Property Group was approximately 77.1%, 74.5% and 47.6%, respectively. Despite the above, we are able to maintain a diversified customer base, primarily through continuing our property management services to property owners after the delivery of residential properties, as well as participating in the selection or tender processes conducted by other property developers and potential customers which are Independent Third Parties and which we identify in the market and by pursuing strategic acquisition and investment opportunities. As such, the majority of our customers are property owners as well as other property developers which are independent from Zhenro Property Group and Zhenro Group (and their associates). Our revenue generated from customers other than Zhenro Property Group and Zhenro Group (and their associates) accounted for approximately 54.3%, 61.7% and 61.9%, respectively, of our total revenue in 2017, 2018 and 2019.

We have been growing our property management services portfolio during the Track Record Period primarily by obtaining new property management service agreements as well as through acquisitions of other companies engaged in the provision of property management services with portfolio which we considered having promising growth potential. Going forward, we intend to increase our business scale and market share through organic growth by participating in the selection or tender processes conducted by other property developers and potential customers which are Independent Third Parties and which we identify in the market and by pursuing strategic acquisition and investment opportunities so as to diversify our property management portfolio and community value-added services. We believe that, with our strong business development capabilities and market reputation as a quality property management service provider, the revenue contribution attributable to independent property owners and property developers as compared to our total revenue will continue to increase due to the increment in revenue derived from (i) independent individual property owners of the residential property projects currently under development by Zhenro Property Group which we have been engaged for providing property management services, which is expected to account

for the majority of our Group's revenue; and (ii) property developers other than Zhenro Property Group as a result of our Group's increased efforts in participating in the selection or tender process conducted by other property developers and potential customers which are Independent Third Parties and acquisitions of property management projects.

Licenses required for operation

We have full rights, hold and enjoy the benefit of all relevant licenses and permits, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Controlling Shareholders and their respective close associates and will continue to do so after Listing.

Access to customers, suppliers and business partners

Our Group has a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to such customers, our suppliers as well as our other business partners.

Employees

We have our independent team of quality personnel, among whom have rich industry experience in property management and are qualified with property management related certificates. We recruit our employees independently and primarily through various channels, such as universities, third-party recruitment agency and other companies.

Connected transactions with our Controlling Shareholders

Details of the continuing connected transactions between our Group and our Controlling Shareholders or their associates which will continue after the completion of the Global Offering are set out in "Connected Transactions" in this prospectus. All such transactions shall be based on tender process in accordance with the relevant laws and regulations or determined after arm's length negotiations and on normal commercial terms or better. In determining the fees for services between our Group and our Controlling Shareholders or their associates, factors such as the nature, size and location of the property projects, the service scopes, and the anticipated operational costs (including labor costs, material costs and administrative costs) are taken into consideration, with reference to the rates generally offered by us to Independent Third Parties in respect of comparable services, the fees for similar services and types of projects in the market and the pricing terms as recommended by the relevant government authorities. In addition, the fees and terms offered for our Controlling Shareholders or their associates and offered for other third parties for the same types of transactions are similar.

Financial Independence

All loans, advances and balances due to or from the Controlling Shareholders or their close associates which were not arising out of the ordinary course of business have been fully settled as of the Latest Practicable Date. All share pledges and guarantees provided by or to the Controlling Shareholders or their close associates on the borrowings of our Group have also been fully released as of the Latest Practicable Date.

In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third party financing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders has irrevocably and unconditionally undertaken to us in the Deed of Non-Competition that he/it will not, and will procure his/its close associates (other than members of our Group) not to directly or indirectly conduct or be involved in any business (other than our business) that directly or indirectly competes, or may compete, with our business, which includes providing property management services to residential and non-residential properties, value-added services to non-property owners and community value-added services to property owners and residents (collectively referred to as the "**Restricted Businesses**"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by our Group from time to time, or conduct any Restricted Businesses, except where our Controlling Shareholders and their close associates hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control 10% or more of the composition of the board of directors of such company. The above restrictions also do not apply when our Group engages in a new business that is not a Restricted Business and at the time of commencement of such new business, any of our Controlling Shareholders had already been conducting or been involved in, or otherwise been interested in, the relevant business.

Further, each of our Controlling Shareholders has undertaken that if any new business investment/other business opportunity relating to the Restricted Businesses (the "**Competing Business Opportunity**") is identified by/made available to him/it or any of his/its close associates, he/it shall, and shall procure that his/its close associates shall, refer such Competing Business Opportunity to our Company on a timely basis by giving written notice (the "**Offer Notice**") within 30 Business Days of identifying such Competing Business Opportunity, the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity.

Upon receiving the Offer Notice, our Company shall seek approval from a board committee comprising independent non-executive Directors who do not have an interest in the Competing Business Opportunity (the "**Independent Board**") as to whether to pursue or decline the Competing Business Opportunity (any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity). The Independent Board shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group's strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision making process in relation to such Competing Business Opportunity. The Independent Board shall, within 30 Business Days of receipt of the written notice referred above, inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity.

The relevant Controlling Shareholder shall be entitled but not obliged to pursue such Competing Business Opportunity if he/it has received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board failed to respond within such 30 business days' period mentioned above. If there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by the relevant Controlling Shareholder, he/it shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their respective close associate cease to hold, whether directly or indirectly, 30% or above of our Shares with voting rights or our Shares cease to be listed on the Stock Exchange.

Each of our Controlling Shareholders has further undertaken to us that he/it will provide and procure his/its close associates to provide on best endeavor basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition. They will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

In addition, our Company has taken, or will take, the following measures to safeguard good corporate governance standards in respect of the Deed of Non-Competition:

- our independent non-executive Directors shall review, at least on an annual basis, compliance with the Deed of Non-Competition by our Controlling Shareholders;

- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) and the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-Competition in our annual report or by way of announcement in compliance with the requirements of the Listing Rules; and

- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of Non-Competition, he/it may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders and his/its respective close associates may not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that it fully comprehends his/its obligations to act in our Shareholders' best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage potential conflicts of interest between our Group on one hand and our Controlling Shareholders and/or our Directors on the other after Listing. In particular, we have implemented the following measures:

(a) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his close associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide

an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in "Directors and Senior Management – Board of Directors – Independent non-executive Directors" in this prospectus;

(d) we have appointed Guotai Junan Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance;

(e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and

(f) on an annual basis, our independent non-executive Directors will review the non-compete undertakings provided by our Controlling Shareholders and their compliance with such undertakings.

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, the directors, substantial shareholders and chief executive of our Company and our subsidiaries (other than the directors, substantial shareholders and chief executive of our insignificant subsidiaries), any person who was a director of our Company or our subsidiaries within 12 months preceding the Listing Date and any of their respective associates will be connected persons of our Company upon Listing.

Our Group has entered into a number of continuing transactions with our connected persons in our ordinary and usual course of business. Upon completion of the Listing, the transactions disclosed in this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Pre-Delivery Property Management Services

(1) Zhenro Properties Pre-Delivery Property Management Services

During the Track Record Period, our Group has been engaged by Zhenro Property Group by way of tender in accordance with the relevant PRC laws and regulations to provide pre-delivery property management services for its residential property projects before the delivery of such properties to property owners. Zhenro Property Group also paid to us property management fees as set out in the preliminary property management service agreements for the units that remain unsold or undelivered in their residential property projects.

On December 31, 2019, our Company (for ourselves and on behalf of our subsidiaries) entered into a pre-delivery property management services framework agreement with Zhenro Properties (for itself and on behalf of its subsidiaries) (the "**Zhenro Properties Pre-Delivery Property Management Services Framework Agreement**"), pursuant to which, our Group agreed to provide pre-delivery property management services for its residential property projects before the delivery of such properties to property owners, including but not limited to security, cleaning, landscaping, repair and maintenance of common area and shared facilities (the "**Zhenro Properties Pre-Delivery Property Management Services**"), for a term of three years from January 1, 2020 to December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The following sets forth the principal terms of the Zhenro Properties Pre-Delivery Property Management Services Framework Agreement:

(i) our Group shall, where we are selected by Zhenro Property Group following the tender processes in accordance with the relevant PRC laws and regulations, provide Zhenro Properties Pre-Delivery Property Management Services according to the tender documents and definitive management agreements to be entered into between members of our Group and Zhenro Property Group from time to time;

(ii) the management fees payable by Zhenro Property Group shall be determined based on the fee quotes to be submitted by our Group under the relevant tender bids. The fees quotes shall take into account the nature, size and location of the property projects, the service scopes and the anticipated operational costs (including labor costs, material costs and administrative costs), with reference to the rates generally offered by us to Independent Third Parties in respect of comparable services, the fees for similar services and types of projects in the market and the pricing terms as recommended by the relevant government authorities; and

(iii) the definitive management agreements to be entered into between members of our Group and Zhenro Property Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Zhenro Properties Pre-Delivery Property Management Services Framework Agreement.

Reasons for the transaction

Before newly developed properties are delivered to future property owners, a property developer usually seeks to engage a property management company by entering into preliminary property management service agreements. The primary purpose is to ensure the availability of property management services before the property owners' association could be lawfully established which could enter into a new property management service agreement between the relevant property owners' association and the selected property management service provider directly. These property management services typically include security, cleaning, landscaping, repair and maintenance of common area and shared facilities. The property developer is also generally responsible for paying the property management fees for the units that remain unsold or undelivered.

We had been engaged by Zhenro Property Group for the provision of the Zhenro Properties Pre-Delivery Property Management Services for its residential property projects by way of tender in accordance with the relevant PRC laws and regulations during the Track Record Period and as of the Latest Practicable Date, taking into account various factors such as our credentials, fee quotes and quality of services. In case where there were units that remain unsold or undelivered for its residential property projects, Zhenro Property Group was also responsible for paying the applicable property management fees as set out in the relevant preliminary property management service agreements for the units that remain unsold or undelivered.

It is anticipated under the Zhenro Properties Pre-Delivery Property Management Services Framework Agreement, our Group will continue to provide the Zhenro Properties Pre-Delivery Property Management Services for the residential property projects of Zhenro Property Group and the units that remain unsold or undelivered in such projects. The transactions contemplated under the Zhenro Properties Pre-Delivery Property Management Services Framework Agreement shall be on normal commercial terms or better and in accordance with the term that are fair and reasonable and in the interests of our Company and our Shareholders as a whole. In the case where there are units that remain unsold or undelivered for its residential property projects, the fees payable by Zhenro Property Group shall be determined on the same basis as other third-party property owners in the same residential property projects.

Historical transaction amounts

For 2017, 2018 and 2019, the transaction amounts for the Zhenro Properties Pre-Delivery Property Management Services provided by our Group to Zhenro Property Group (inclusive of VAT) amounted to approximately RMB14.5 million, RMB24.4 million and RMB10.5 million, respectively. The decrease in the transaction amounts for the Zhenro Properties Pre-Delivery Property Management Services from RMB24.4 million for 2018 to RMB10.5 million for 2019 was mainly due to the increase in delivery of the completed properties by Zhenro Property Group to the property owners in 2019, which reduced the amount of completed properties remaining unsold by Zhenro Property Group.

Annual caps

Our Directors estimate that the maximum amount of service fees payable by Zhenro Property Group to us in relation to the Zhenro Properties Pre-Delivery Property Management Services (inclusive of VAT) for the three years ending December 31, 2022 will not exceed RMB20.0 million, RMB22.0 million and RMB24.0 million, respectively.

The substantial increase in the annual cap in relation to the Zhenro Properties Pre-Delivery Property Management Services for 2020 as compared to the historical transaction amount for 2019 is mainly due to the expected increase in demand for Zhenro Property Pre-Delivery Management Services, taking into consideration that (a) we were contracted by Zhenro Property Group for 56 undelivered residential property projects by Zhenro Property Group as of December 31, 2019 with a total contracted GFA of approximately 8.7 million sq.m., as compared to the 41 undelivered residential property projects as of January 1, 2019 with a total contracted GFA of approximately 7.0 million sq.m.; (b) the increase in properties under development of Zhenro Property Group in 2019 will also lead to the expected increase in demand for the Zhenro Properties Pre-Delivery Property Management Services. According to the 2019 annual report of Zhenro Properties, as of December 31, 2019, Zhenro Property Group had properties under development of RMB86,379.4 million, representing an 35.8% increase from RMB63,588.0 million as of December 31, 2018.

Our Directors have considered the following factors in arriving at the above annual caps which are considered to be reasonable and justifiable in the circumstances:

(i) the historical transaction amounts and growth trend of Zhenro Properties Pre-Delivery Property Management Services during the Track Record Period;

(ii) the historical proportion of contracted sales GFA to total GFA available for sale for residential property projects of Zhenro Property Group during the Track Record Period;

(iii) the projected revenue in respect of residential property projects under development by Zhenro Property Group for which our Group had been engaged to provide Zhenro Properties Pre-Delivery Property Management Services as of December 31, 2019 prior to the delivery of such properties to property owners;

(iv) the number of residential property projects which we anticipate we may be engaged to provide Zhenro Properties Pre-Delivery Property Management Services for based on the total GFA under development of Zhenro Property Group as of December 31, 2019; and

(v) the projected increase in demand for Zhenro Property Pre-Delivery Property Management Services as a result of the projected growth in the number of residential property projects of Zhenro Property Group for the three years ending December 31, 2022 with reference to its total GFA for properties under development and total GFA for properties held for future development.

(2) Mr. ZR Ou Pre-Delivery Property Management Services

On June 18, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into pre-delivery property management services framework agreement with Mr. ZR Ou (the "**Mr. ZR Ou Pre-Delivery Property Management Services Framework Agreement**"), pursuant to which, our Group agreed to provide to Mr. ZR Ou's associates (excluding Zhenro Property Group but including its associates) (the "**Associates**") pre-delivery property management services for their residential property projects before the delivery of such properties to property owners including but not limited to security, cleaning, landscaping, repair and maintenance of common area and shared facilities (the "**Mr. ZR Ou Pre-Delivery Property Management Services**"), for a term commencing on the Listing Date and ending on December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The following sets forth the principal terms of the Mr. ZR Ou Pre-Delivery Property Management Services Framework Agreement:

(i) our Group shall, where we are selected by the Associates following the tender processes in accordance with the relevant PRC laws and regulations, provide Mr. ZR Ou Pre-Delivery Property Management Services to the Associates according to the tender documents and definitive management agreements to be entered into between our Group and the relevant Associates from time to time;

(ii) the management fees payable by the Associates shall be determined based on the fee quotes to be submitted by our Group under the relevant tender bids. The fees quotes shall take into account, the nature, size and location of the property projects, the service scopes and the anticipated operational costs (including labor costs, material costs and administrative costs), with reference to the rates generally offered by us to Independent Third Parties in respect of comparable services, the fees for similar services and types of projects in the market and the pricing terms as recommended by the relevant government authorities; and

(iii) the definitive management agreements to be entered into between members of our Group and the relevant Associates shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Mr. ZR Ou Pre-Delivery Property Management Services Framework Agreement.

Reasons for the transaction

Before newly developed properties are delivered to future property owners, a property developer usually seeks to engage a property management company by entering into preliminary property management service agreements. The primary purpose is to ensure availability of property management services before the property owners' association could be lawfully established which could enter into a new property management service agreement between the relevant property owners' association and the selected property management service provider directly. These property management services typically include security, cleaning, landscaping, repair and maintenance of common area and shared facilities. The property developer is also generally responsible for paying the property management fees for the units that remain unsold or undelivered.

It is anticipated that under the Mr. ZR Ou Pre-Delivery Property Management Services Framework Agreement, we will be engaged by the Associates, particularly the associates of Zhenro Properties, for the provision of pre-delivery property management services for their residential property projects by way of tender in accordance with the relevant PRC laws and regulations, taking into account various factors such as our credentials, fee quotes and quality of services. We will also provide property management services for the units that remain unsold or undelivered for the residential property projects of the Associates, particularly the associates of Zhenro Properties, which they will also be responsible for paying the applicable property management fees as set out in the relevant preliminary management service agreements for the units that remain unsold or undelivered.

The transactions contemplated under the Mr. ZR Ou Pre-Delivery Property Management Services Framework Agreement shall be on normal commercial terms or better and in accordance with the terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole. In the case where there are units that remain unsold or undelivered for their residential property projects, the fees payable by the Associates shall be determined on the same basis as other third-party property owners in the same residential property projects.

Historical transaction amounts

For 2017, 2018 and 2019, there was no Mr. ZR Ou Pre-Delivery Property Management Services provided by our Group to the Associates.

Annual caps

Our Directors estimate that the maximum amount of service fees payable by the Associates to us in relation to the Mr. ZR Ou Pre-Delivery Property Management Services (inclusive of VAT) for the three years ending December 31, 2022 will not exceed RMB1.2 million, RMB2.8 million and RMB3.1 million, respectively.

Our Directors have considered the following factors in arriving at the above annual caps which are considered to be reasonable and justifiable in the circumstances:

(i) the projected revenue in respect of residential property projects under development by the Associates for which our Group had been engaged to provide Mr. ZR Ou Pre-Delivery Property Management Services prior to the delivery of such properties to the property owners as of December 31, 2019;

(ii) the estimated proportion of contracted sales GFA to total GFA available for sale for residential property projects to be developed by the Associates for the three years ending December 31, 2022 with reference to the proportion for residential property projects of similar locations, nature and scale;

(iii) the number of residential property projects which we anticipate we may be engaged to provide the Mr. ZR Ou Pre-Delivery Property Management Services for based on the total GFA under development of the Associates as of December 31, 2019; and

(iv) the projected increase in demand for Mr. ZR Ou Pre-Delivery Property Management Services as a result of the projected growth in the number of the residential property projects of the Associates for the three years ending December 31, 2022.

Implications under the Listing Rules

Zhenro Properties is indirectly owned as to approximately 54.6% by Mr. ZR Ou, one of our Controlling Shareholders and is therefore an associate of Mr. ZR Ou. Mr. ZR Ou and his associates are thus connected persons of our Company upon Listing. Accordingly, the transactions under the Zhenro Properties Pre-Delivery Property Management Services Framework Agreement and the Mr. ZR Ou Pre-Delivery Property Management Services Framework Agreement will constitute continuing connected transactions for our Company upon Listing.

Since the Zhenro Properties Pre-Delivery Property Management Services and the Mr. ZR Ou Pre-Delivery Property Management Services (the "**Pre-Delivery Property Management Services**") are similar in nature, the transactions under the Zhenro Properties Pre-Delivery Property Management Services Framework Agreement and the Mr. ZR Ou Pre-Delivery Property Management Services Framework Agreement should be aggregated pursuant to the Listing Rules. The aggregated annual cap amounts in respect of the Pre-Delivery Property Management Services are as follows:

	For the year ending December 31,		
	2020	**2021**	**2022**
	RMB'million	*RMB'million*	*RMB'million*
Annual Cap			
Zhenro Properties Pre-Delivery Property Management Services	20.0	22.0	24.0
Mr. ZR Ou Pre-Delivery Property Management Services	1.2	2.8	3.1
Aggregate	**21.2**	**24.8**	**27.1**

Since one or more of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps for the Pre-Delivery Property Management Services is expected to be more than 5% on an annual basis, the transactions under the Zhenro Properties Pre-Delivery Property Management Services Framework Agreement and the Mr. ZR Ou Pre-Delivery Property Management Services Framework Agreement will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Management Services

(1) Zhenro Properties Management Services

During the Track Record Period, our Group has been engaged by Zhenro Property Group to provide value-added services, such as sales assistance services, additional tailored services, housing repair services, preliminary planning and design consultancy services and pre-delivery inspection services, to their residential property projects and their display units, sales offices and community clubhouses. We had also provided property management services to the commercial properties operated by Zhenro Property Group.

On December 31, 2019, our Company (for ourselves and on behalf of our subsidiaries) entered into a management services framework agreement with Zhenro Properties (for itself and on behalf of its subsidiaries) (the "**Zhenro Properties Management Services Framework Agreement**"), pursuant to which, our Group agreed to provide to Zhenro Property Group management and related services including but not limited to cleaning, landscaping, concierge, maintenance of public order, security services, and other related value-added services to the residential property projects of Zhenro Property Group and their display units, sales offices and community clubhouses as well as commercial properties operated by Zhenro Property Group (the "**Zhenro Properties Management Services**"), for a term of three years from January 1, 2020 to December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The following sets forth the principal terms of the Zhenro Properties Management Services Framework Agreement:

(i) our Group shall provide Zhenro Properties Management Services to Zhenro Property Group according to the definitive management agreements to be entered into between members of our Group and Zhenro Property Group from time to time;

(ii) the fees to be charged under the Zhenro Properties Management Services Framework Agreement shall be determined after arm's length negotiations, taking into account the nature, age, infrastructure features, size, location and neighborhood profile of the commercial or residential property projects, the service scopes to be provided and the anticipated operational costs (including labor costs, material costs and administrative costs) with reference to the rates generally offered by us to Independent Third Parties in respect of comparable services and fees for similar services and types of projects in the market; and

(iii) the definitive management agreement to be entered into between members of our Group and Zhenro Property Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Zhenro Properties Management Services Framework Agreement.

Reasons for the transaction

Due to the foot traffic at the display units, sales offices and community clubhouses of residential property projects, property developers typically engage property management companies to provide constant management services such as cleaning, security, maintenance and concierge services. Our Group had been engaged by Zhenro Property Group as the management services provider for its residential property projects and their display units, sales offices and community clubhouses during the Track Record Period and up to the Latest Practicable Date, taking into account various factors such as our credentials, fee quote and quality of services. In addition, as property management services are in need by commercial property operators to ensure that the day-to-day affairs of their managed properties are closely attended by property management service provider, we also provided property management services to commercial properties operated by Zhenro Property Group.

It is anticipated that under the Zhenro Properties Management Services Framework Agreement, our Group will continue to provide to Zhenro Property Group value-added services including sales assistance services, additional tailored services, housing repair services, preliminary planning and design consultancy services and pre-delivery inspection services to its residential property projects and their display units, sales offices and community clubhouses. We will also continue to provide property management services to commercial properties operated by Zhenro Property Group. The transactions contemplated under the Zhenro Properties Management Services Framework Agreement shall be on normal commercial terms or better and in accordance with the terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Historical transaction amounts

For 2017, 2018 and 2019, the transaction amounts for the Zhenro Properties Management Services provided by our Group to Zhenro Property Group (inclusive of VAT) amounted to approximately RMB82.5 million, RMB105.9 million and RMB157.1 million, respectively. The following table sets forth the breakdown of the transaction amounts by types of services for the Zhenro Properties Management Services:

	For the year ended December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Value-added services to non-property owners			
– *Sales assistance services*	57,387	70,851	89,092
– *Additional tailored services*	12,340	12,079	22,182
– *Housing repair services*	7,989	14,263	23,051
– *Preliminary planning and design consultancy services*	904	4,260	6,815
– *Pre-delivery inspection services*	1,610	2,177	3,357
Sub-total	80,230	103,630	144,497
Property management services for commercial properties	2,270	2,270	12,587
Total	**82,500**	**105,900**	**157,084**

Annual caps

Our Directors estimate that the maximum amount of service fees payable by Zhenro Property Group to us in relation to the Zhenro Properties Management Services (inclusive of VAT) for the three years ending December 31, 2022 will not exceed RMB250.0 million, RMB280.0 million and RMB310.0 million, respectively. The following table sets forth the estimated breakdown of the annual caps by types of services for the Zhenro Properties Management Services:

	For the year ending December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Value-added services to non-property owners			
– *Sales assistance services*	164,500	185,000	208,000
– *Additional tailored services*	32,000	36,000	39,500
– *Housing repair services*	27,000	30,500	33,000
– *Preliminary planning and design consultancy services*	8,000	9,500	10,000
– *Pre-delivery inspection services*	5,500	6,000	6,500
Sub-total	237,000	267,000	297,000
Property management services for commercial properties	13,000	13,000	13,000
Total	**250,000**	**280,000**	**310,000**

The substantial increase in the annual caps for the Zhenro Properties Management Services as compared to the historical transaction amounts for the Track Record Period is mainly due to the expected increase in demand for Zhenro Property Management Services to Zhenro Property Group, taking into consideration that (a) we were contracted by Zhenro Property Group for 61 undelivered property projects as of December 31, 2019 with a total contracted GFA of approximately 9.5 million sq.m., covering 25 cities within four regions in China; (b) based on the 2019 annual report of Zhenro Properties, construction is estimated to be completed during the period from 2020 to 2022 for 99 property projects of Zhenro Property Group under development with a total site area of 5.0 million sq.m. and a total GFA of 23.7 million sq.m., covering 27 cities within six regions in China, which pre-sales and/or delivery is expected to commence during the period; (c) based on the 2019 annual report of Zhenro Properties, Zhenro Property Group acquired a total of 38 new land parcels with a total site area of approximately 1.8 million sq.m. and an aggregate estimated GFA of approximately 5.1 million sq.m. in 2019; and (d) it is estimated that the Zhenro Properties Management Services will increase at an annual growth rate of approximately 10% for each of the three years ending December 31, 2022, with reference to the size, geographical locations, facilities, human resources allocation and scope of services which we expect to be engaged for.

Our Directors have considered the following factors in arriving at the above annual caps which are considered to be reasonable and justifiable in the circumstances:

(i) the historical transaction amounts and growth trend of Zhenro Properties Management Services during the Track Record Period;

(ii) the projected revenue in respect of the commercial properties operated by Zhenro Property Group for which our Group had been engaged to provide Zhenro Properties Management Services as of December 31, 2019;

(iii) the projected revenue in respect of the residential property projects under development by Zhenro Property Group for the year ending December 31, 2020 for which our Group had been engaged to provide Zhenro Properties Management Services as of December 31, 2019 with reference to the total GFA available for sale, geographical locations, facilities, human resources allocation and scope of services;

(iv) the number of property projects which we anticipate that we may be engaged to provide Zhenro Properties Management Services for based on the total GFA under development of Zhenro Property Group as of December 31, 2019; and

(v) the projected increase in demand for Zhenro Property Management Services as a result of the projected growth in the number of the residential property projects of Zhenro Property Group for the three years ending December 31, 2022 with reference to its total GFA for properties under development and total GFA for properties held for future development.

(2) Mr. ZR Ou Management Services

During the Track Record Period, our Group has been engaged by the Associates, particularly the associates of Zhenro Properties, to provide value-added services, such as sales assistance services, additional tailored services, preliminary planning and design consultancy services and pre-delivery inspection services, to their residential property projects and their display units, sales offices and community clubhouses. We had also provided property management services to office occupied by Zhenro Group and other properties held by the associate of Zhenro Group, in which Zhenro Group held 49.5% of its equity interest, for potential land reclamation.

On June 18, 2020, our Company (for ourselves and on behalf of our subsidiaries) entered into a management services framework agreement with Mr. ZR Ou (the "**Mr. ZR Ou Management Services Framework Agreement**"), pursuant to which, our Group agreed to provide to the Associates management and related services including but not limited to cleaning, landscaping, concierge, maintenance of public order, security services, and other related value-added services to the residential property projects of the Associates and their display units, sales offices and community clubhouses as well as commercial properties (including office) operated or occupied by them and other properties held by them for potential projects (the "**Mr. ZR Ou Management Services**"), for a term commencing on the Listing Date and ending on December 31, 2022, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The following sets forth the principal terms of the Mr. ZR Ou Management Services Framework Agreement:

(i) our Group shall provide Mr. ZR Ou Management Services to the Associates according to the definitive management agreements to be entered into between members of our Group and the relevant Associates from time to time;

(ii) the fees to be charged under the Mr. ZR Ou Management Services Framework Agreement shall be determined after arm's length negotiations, taking into account the nature, age, infrastructure features, size, location and neighborhood profile of the properties or property projects, the service scopes to be provided and the anticipated operational costs (including labor costs, material costs and administrative costs) with reference to the rates generally offered by us to Independent Third Parties in respect of comparable services and fees for similar services and types of properties or property projects in the market; and

(iii) the definitive management agreement to be entered into between members of our Group and the relevant Associates shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Mr. ZR Ou Management Services Framework Agreement.

Reasons for the transaction

Due to the foot traffic at the display units, sales offices and community clubhouses of residential property projects, property developers typically engage property management companies to provide constant management services such as cleaning, security, maintenance and concierge services. Our Group had been engaged by the Associates, particularly the associates of Zhenro Properties, as the management services provider for their residential property projects and their display units, sales offices and community clubhouses during the Track Record Period and up to the Latest Practicable Date, taking into account various factors such as our credentials, fee quote and quality of services. In addition, as management services are in need by commercial property operators and owners to ensure that the day-to-day affairs of their managed or occupied properties are closely attended by management service provider, we also provided property management services to office occupied by the Associates and other properties held by them for potential projects.

It is contemplated that under the Mr. ZR Ou Properties Management Services Framework Agreement, our Group will continue to provide to the Associates, particularly the associates of Zhenro Properties, value-added services including sales assistance services, additional tailored services, housing repair services, preliminary planning and design consultancy services and pre-delivery inspection services to their residential property projects and their display units, sales offices and community clubhouses. We will also continue to provide property management services to commercial properties (including office) operated or occupied by the Associates and other properties held by them for potential projects. The transactions contemplated under the Mr. ZR Ou Management Services Framework Agreement shall be on normal commercial terms or better and in accordance with the terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Historical transaction amounts

For 2017, 2018 and 2019, the transaction amounts for the Mr. ZR Ou Management Services provided by our Group to the Associates (inclusive of VAT) amounted to approximately RMB35.1 million, RMB55.1 million and RMB121.8 million, respectively. The following table sets forth the breakdown of the transaction amounts by types of services for the Mr. ZR Ou Management Services:

	For the year ended December 31,		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Value-added services to non-property owners			
– *Sales assistance services*	35,131	47,820	98,929
– *Additional tailored services*	–	548	17,366
– *Housing repair services*	–	–	–
– *Preliminary planning and design consultancy services*	–	678	1,061
– *Pre-delivery inspection services*	–	–	955
Sub-total	35,131	49,046	118,311
Property management services for commercial and other properties	–	6,060	3,443
Total	**35,131**	**55,106**	**121,754**

Annual caps

Our Directors estimate that the maximum amount of service fees payable by the Associates to us in relation to the Mr. ZR Ou Management Services (inclusive of VAT) for the three years ending December 31, 2022 will not exceed RMB145.0 million, RMB160.0 million and RMB176.0 million, respectively. The following table sets forth the estimated breakdown of the annual caps by types of services for the Mr. ZR Ou Management Services:

	For the year ending December 31,		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Value-added services to non-property owners			
– *Sales assistance services*	112,900	125,700	140,000
– *Additional tailored services*	22,000	23,000	24,200
– *Housing repair services*	800	1,300	1,500
– *Preliminary planning and design consultancy services*	1,300	1,500	1,600
– *Pre-delivery inspection services*	1,500	1,500	1,500
Sub-total	138,500	153,000	168,800
Property management services for commercial and other properties	6,500	7,000	7,200
Total	**145,000**	**160,000**	**176,000**

The increase in the annual caps for the Mr. ZR Ou Management Services as compared to the historical transaction amounts for the Track Record Period are mainly due to the expected increase in demand for Mr. ZR Ou Management Services, taking into consideration that (a) we were contracted for 14 undelivered property projects of the Associates as of December 31, 2019 with a total contracted GFA of approximately 1.9 million sq.m., covering 8 cities within three regions in China; (b) based on the 2019 annual report of Zhenro properties, construction is estimated to be completed for 53 property projects of the Associates during the period from 2020 to 2022 with a total site area of approximately 3.9 million sq.m. and a total GFA of approximately 42.4 million sq.m. (among which, approximately 10.2 million sq.m. is attributable to Zhenro Property Group), covering 19 cities within five regions in China, which pre-sales and/or delivery is expected to commence during the period; (c) based on the 2019 annual report of Zhenro Properties, the Associates acquired a total of 3 new land parcels with a total site area of approximately 0.2 million sq.m. and an aggregate estimated GFA of approximately 0.5 million sq.m. in 2019; and (d) it is estimated that the Mr. ZR Ou Management Services will increase at an annual growth rate of approximately 10% for each of the three years ending December 31, 2022, with reference to the size, geographical locations, facilities, human resources allocation and scope of services which we expect to be engaged for.

Our Directors have considered the following factors in arriving at the above annual caps which are considered to be reasonable and justifiable in the circumstances:

(i) the historical transaction amounts and growth trend of Mr. ZR Ou Management Services during the Track Record Period;

(ii) the projected revenue in respect of the residential property projects under development by the Associates and commercial properties operated or occupied by them and other properties held by them for potential projects for which our Group had been engaged to provide Mr. ZR Ou Management Services as of December 31, 2019 with reference to the total GFA available for sale, geographical locations, facilities, human resources allocation and scope of services;

(iii) the number of property projects which we anticipate that we may be engaged to provide Mr. ZR Ou Management Services for based on the total GFA under development of the Associates as of December 31, 2019; and

(iv) the projected increase in demand for Mr. ZR Ou Management Services as a result of the projected growth in the number of the property projects of the Associates for the three years ending December 31, 2022.

Implications under the Listing Rules

Zhenro Properties is indirectly owned as to approximately 54.6% by Mr. ZR Ou, one of our Controlling Shareholders and is therefore an associate of Mr. ZR Ou. Mr. ZR Ou and his associates are thus connected persons of our Company upon Listing. Accordingly, the transactions under the Zhenro Properties Management Services Framework Agreement and the Mr. ZR Ou Management Services Framework Agreement will constitute continuing connected transactions for our Company upon Listing.

Since the Zhenro Properties Management Services and the Mr. ZR Ou Management Services (the "**Management Services**") are similar in nature, the transactions under the Zhenro Properties Management Services Framework Agreement and the Mr. ZR Ou Management Services Framework Agreement should be aggregated pursuant to the Listing Rules. The aggregated annual cap amounts in respect of the Management Services are as follows:

	For the year ending December 31,		
	2020	**2021**	**2022**
	RMB'million	*RMB'million*	*RMB'million*
Annual Cap			
Zhenro Properties Management Services	250.0	280.0	310.0
Mr. ZR Ou Management Services	145.0	160.0	176.0
Aggregate	**395.0**	**440.0**	**486.0**

Since one or more of the applicable percentage ratios under the Listing Rules in respect of the aggregated annual caps for the Management Services is expected to be more than 5% on an annual basis, the transactions under the Zhenro Properties Management Services Framework Agreement and the Mr. ZR Ou Management Services Framework Agreement will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

The transactions described under "– Continuing connected transactions subject to the reporting, annual review, announcement and independent shareholders' approval requirements" in this section above constitute our continuing connected transactions under the Listing Rules which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver exempting us from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "– Continuing connected transactions subject to the reporting, annual review, announcement and independent shareholders' approval requirements" in this section above, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under "– Continuing connected transactions subject to the reporting, annual review, announcement and independent shareholders' approval requirements" in this section above have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better and are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transactions under "– Continuing connected transactions subject to the reporting, annual review, announcement and independent shareholders' approval requirements" in this section above are fair and reasonable and are in the interests of our Shareholders as a whole.

SOLE SPONSOR'S VIEW

The Sole Sponsor is of the view that (i) the continuing connected transactions described in "– Continuing connected transactions subject to the reporting, annual review, announcement and independent shareholders' approval requirements" in this section above have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, and 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.

BOARD OF DIRECTORS

Our Board currently consists of seven Directors comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles. We have entered into service agreements 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 following table sets forth certain information in respect of members of our Board and senior management of our Company:

Members of our Board

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position in our Group	Roles and responsibilities in our Group
Mr. Huang Liang (黃亮)	46	December 8, 2016	December 17, 2018	Executive Director and chief executive officer of our Company	Responsible for the overall operational management and strategic planning of our Group
Mr. Huang Sheng (黃聖)	43	August 1, 2019	December 6, 2019	Executive Director, vice president of our Company and vice president of Zhenro Property Services	Responsible for the overall operational management, marketing and brand maintenance of our Group
Mr. Huang Xianzhi (黃仙枝)	51	December 6, 2019	December 6, 2019	Chairman of our Board and non-executive Director	Responsible for providing strategic advice and recommendations on the operations and management of our Group
Mr. Chan Wai Kin (陳偉健)	39	December 6, 2019	December 6, 2019	Non-executive Director	Responsible for providing strategic advice and recommendations on the operations and management of our Group

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position in our Group	Roles and responsibilities in our Group
Mr. Ma Haiyue (馬海越)	42	June 10, 2020	June 10, 2020	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group
Mr.Au Yeung Po Fung (歐陽寶豐)	52	June 10, 2020	June 10, 2020	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group
Mr. Zhang Wei (張偉)	44	June 10, 2020	June 10, 2020	Independent non-executive Director	Responsible for providing independent advice on the operations and management of our Group

Members of our senior management

Name	Age	Date of joining our Group	Date of appointment to current position	Existing position in our Group	Roles and responsibilities in our Group
Mr. Ren Xiaoguang (任曉光)	42	December 5, 2016	December 5, 2016	Vice president of Zhenro Property Services	Responsible for the risk control and overall business management of our Group
Mr. Liu Chang (劉暢)	42	May 10, 2019	May 10, 2019	Chief financial officer and joint company secretary of our Company	Responsible for the overall management of the investment and financial affairs of our Group
Mr. Xi Deshuai (席得帥)	40	November 1, 2016	November 1, 2016	General manager of Fujian area of our Group	Responsible for the daily management and operations in Fujian area

Executive Directors

Mr. Huang Liang (黃亮), aged 46, has been our Director since December 17, 2018. He was re-designated as our executive Director and appointed as our chief executive officer on December 6, 2019. He joined our Group as the general manager of Zhenro Property Services in December 2016. He also holds directorships in our various subsidiaries. He is primarily responsible for the overall operational management and strategic planning of our Group. Mr. Huang has over 11 years of experience in the PRC real estate industry. Prior to joining our Group, Mr. Huang served in various positions at Alcatel Shanghai Bell Co., Ltd. (上海貝爾阿爾卡特股份有限公司), a communication service provider, from September 2001 to July 2008, and at Shanghai Vanke Real Estate Company (上海萬科房地產有限公司), a real estate developer and a subsidiary of China Vanke Co., Ltd. (萬科企業股份有限公司), a joint stock company principally engaged in the property development and property services whose shares are listed on the Main Board of the Stock Exchange (H share stock code: 2202) and the Shenzhen Stock Exchange (A share stock code: 00002), from August 2008 to March 2011. From March 2011 to March 2013, he worked at Tibet Xinchengyue Property Management Co., Ltd. (西藏新城悅物業服務股份有限公司) (formerly known as Jiangsu Xincheng Property Services Co., Ltd. (江蘇新城物業服務有限公司)), a property management services provider and a subsidiary of Xinchengyue Holdings Limited (新城悅控股有限公司), whose shares are listed on the Main Board of the Stock Exchange (stock code: 1755), during which he had served as the general manager mainly responsible for its overall operational management. During the period from April 2013 to April 2016, he had worked as the general manager of the property management department at Yango Group Co., Ltd (陽光城集團股份有限公司), a company principally engaged in property development whose shares are listed on the Shenzhen Stock Exchange (stock code: 000671), and Thaihot Group Co., Ltd. (泰禾集團股份有限公司), a company principally engaged property development whose shares are listed on the Shenzhen Stock Exchange (stock code: 000732), where he was responsible for the operational management of the companies. From April 2016 to December 2016, he served as the general manager of Jiangsu Zhongnan Property Services Co., Ltd (江蘇中南物業服務有限公司), a company principally engaged in property management and a subsidiary of Zhongnan City Construction Investment Co., Ltd (中南城市建設投資有限公司).

Mr. Huang has acted as the vice chairman of Fujian Province Estate Management Association (福建省物業管理協會) since December 2017. He was appointed as a member of Industrial Development Research Committee (產業發展研究委員會) under China Property Management Institute (中國物業管理協會) in October 2019.

Mr. Huang obtained a bachelor's degree in engineering from Huazhong University of Science and Technology (華中科技大學) in the PRC in July 1996 and a master's degree in business administration from Wuhan University (武漢大學) in the PRC in June 2002. He was approved as a Certified Property Manager (全國物業管理師) by Shanghai Municipal Human Resources and Social Security Bureau in February 2012. He was qualified as a Certified Commercial Investment Member ("**CCIM**") (國際註冊商業房地產投資師) of the CCIM Institute in January 2015. In January 2019, he received the award of "2018 China Extraordinary Manager" (2018年度中國傑出經理人)" granted by the 13th Chinese New Employer Brand Committee (中國第十三屆新僱主品牌年會組委會). He also successfully completed the

Wharton & E-House Real Estate Executive Program at the Wharton School of the University of Pennsylvania in April 2019. In May 2019, he obtained an advanced-level certificate of property manager (物業經理高級證書) from Trade Association of Shanghai Property Management (上海市物業管理行業協會) ("**TASPM**"). In December 2019, he received the award of "2019 China Top 10 Property Management Companies' Annual CEO" (2019中國十大物業年度CEO) in "2019 (Third) China Real Estate New Era Grand Ceremony" (2019(第三屆)中國地產新時代盛典) jointly held by Leju Finance (樂居財經), Sina Finance (新浪財經), China Entrepreneur (中國企業家), Fangchan.com (中房網) and China Property Management Institute (中國物業管理協會).

Mr. Huang Sheng (黃聖), aged 43, was appointed as our executive Director on December 6, 2019. He joined our Group in August 2019 as the vice president of Zhenro Property Services and he is primarily responsible for the overall operational management, marketing and brand maintenance of our Group. Mr. Huang has over 18 years of experience in the property management industry. Prior to joining our Group, from July 2001 to May 2017, he worked at Shanghai Vanke Property Service Co., Ltd. (上海萬科物業服務有限公司), a property management services provider and a subsidiary of China Vanke Co., Ltd. (萬科企業股份有限公司), a joint stock company principally engaged in the property development and property services whose shares are listed on the Main Board of the Stock Exchange (H share stock code: 2202) and on the Shenzhen Stock Exchange (A share stock code: 00002), where he served in various positions including quality specialist, quality supervisor, project manager, assistant general manager, vice general manager and general manager, mainly responsible for the overall management and brand improvement. From May 2017 to April 2019, he worked as the general manager of property management department of Yango Group Co., Ltd. (陽光城集團股份有限公司), a company principally engaged in the business of property development in PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 000671). From June 2019 to August 2019, he worked as the chief executive officer at Guangdong Esteem Property Services Ltd. (廣東康景物業服務有限公司), a company principally engaged in property management services and a subsidiary of Hopson Development Holdings Limited (合生創展集團有限公司) whose shares are listed on the Main Board of the Stock Exchange (stock code: 754), where he was mainly responsible for its overall management.

Mr. Huang was also appointed as a vice chairman of the Fourth Council and the Fifth Council of TASPM in March 2013 and March 2015, respectively. He was recognized as "Outstanding Contributor at the 20th Anniversary of the Establishment of TASPM" (上海市物業管理行業協會成立20周年傑出貢獻個人) by the TASPM in January 2015. In December 2017, he was also appointed as the vice chairman of Fujian Province Estate Management Association.

Mr. Huang obtained a bachelor's degree in economics from Shijiazhuang University of Economics (石家莊經濟學院) (now known as Hebei GEO University (河北地質大學)) in the PRC in June 2001.

Non-executive Directors

Mr. Huang Xianzhi (黃仙枝), aged 51, was appointed as the chairman of our Board and non-executive Director on December 6, 2019. He is primarily responsible for providing strategic advice and recommendations on the operations and management of our Group. Mr. Huang has over 20 years of experience in the PRC real estate industry. Prior to joining our Group, from October 1998 to October 2014, Mr. Huang served in various positions in Zhenro Group Company, including the chief financial officer, the assistant to the chief executive officer, the vice president primarily responsible for financial affairs and the executive vice president where he was responsible for overall management, consecutively. He has been a director and president of Zhenro Group Company since November 2014. Mr. Huang has served as an executive director and the chairman of the board of Zhenro Properties Holdings Company Limited (正榮地產控股股份有限公司), a subsidiary of Zhenro Properties, since March 2016. Since September 2017, he has served as an executive director and chairman of the board in Zhenro Properties primarily responsible for the overall management of the investment strategies and business development. He has also acted as the chief executive officer of Zhenro Properties since November 2019.

Mr. Huang graduated from Jimei Advanced Specialized Institute of Finance and Economics (集美財政高等專科學校) (now known as Jimei University (集美大學)) in the PRC in July 1989, where he majored in investment economics. He also obtained a master's degree in business administration from The Open University of Hong Kong in Hong Kong in November 2012. Mr. Huang was conferred the accountant qualification in December 1997 by MOF. Mr. Huang was awarded the "Outstanding Professional Manager in China for the Year of 2008" (2008年度中國傑出職業經理人) by the International Human Resources Management Association (國際人力資源管理協會), Editorial Department of Business Reviews of Peking University (北大商業評論編輯部) and Professional Magazine of the Ministry of Human Resources and Social Security (人力資源和社會保障部職業雜誌社) in October 2008, and "Chief Accountant in China for the Year of 2011" (2011中國總會計師年度人物) by China Association of Chief Financial Officers (中國總會計師協會) in December 2011. He was awarded "Figure with Contributions to China Real Estate Brands in 2015" (2015中國房地產品牌貢獻人物) jointly by Enterprise Research Institute of the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and CIA in September 2015. He received "Top 100 Figures with Contributions to China Real Estate Industry in 2016" (2016中國房地產百強貢獻人物) award from China Real Estate TOP10 Research Group (中國房地產TOP10研究組) in March 2016. In September 2018, he was awarded "Leaders in the China Real Estate Industry for the Year of 2018" (2018中國房地產領軍人物) by China Real Estate Association (中國房地產業協會).

Mr. Chan Wai Kin (陳偉健), aged 39, was appointed as a non-executive Director on December 6, 2019. He is primarily responsible for providing strategic advice and recommendations on the operations and management of our Group. Mr. Chan has over 10 years of experience in accounting and financial matters. Prior to joining our Group, from April 2012 to February 2014, he worked at Golden Wheel Tiandi Holdings Company Limited (金輪天地控股有限公司), a company principally engaged in property development whose shares are listed on the Main Board of the Stock Exchange (stock code: 1232), where he served as executive director and chief financial officer from April 2012 to September 2013 mainly responsible for overseeing financial management and regulatory compliance, company secretary from April 2012 to August 2013 and non-executive director from September 2013 to February 2014. From February 2014 to March 2015, he worked as chief financial officer and company secretary, mainly responsible for financial reporting and investors related matters, at Times China Holdings Limited (時代中國控股有限公司) (formerly known as "Times Property (Holdings) Co., Limited (時代地產控股有限公司)"), a property developer whose shares are listed on the Main Board of the Stock Exchange (stock code: 1233). From March 2015 to August 2018, he worked at Seazen Group Limited (新城發展控股有限公司) (formerly known as "Future Land Development Holdings Limited"), a property developer whose shares are listed on the Main Board of the Stock Exchange (stock code: 1030), where he served as joint company secretary from March 2015 to March 2018, executive director from March 2015 to August 2018, mainly responsible for overseeing the financial management and capital market related matters. Since September 2018, he has worked at Zhenro Properties where he has served as executive director and vice president since September 2018, chief financial officer since November 2018, mainly responsible for corporate financing management.

Mr. Chan obtained a bachelor's degree in business science from Indiana University Bloomington in the United States in May 2005. He has been a member of the Hong Kong Institute of Certified Public Accountants since July 2009. He obtained a master's degree in business administration at the University of Chicago Booth School of Business in the United States in March 2017.

Independent non-executive Directors

Mr. Ma Haiyue (馬海越), aged 42, was appointed as our independent non-executive Director on June 10, 2020 and he is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Ma has over 17 years of experiences in financing and auditing. Prior to joining our Group, from May 2002 to November 2004, Mr. Ma worked at Ernst & Young Da Hua. From November 2004 to July 2017, Mr. Ma held various positions at KPMG Huazhen LLP, including as an audit manager from November 2004 to June 2007, an audit senior manager from July 2007 to September 2011 and an audit partner from October 2011 to July 2017. From July 2017 to June 2018, Mr. Ma served as an executive director at the investment banking division of Morgan Stanley Huaxin Securities Co., Ltd.. He has worked at Venus Medtech (Hangzhou) Inc. (杭州啟明醫療器械股份有限公司), a company principally engaged in manufacture and research and development of medical device and listed on the Main Board of the Stock Exchange (stock code: 2500), where he has served as chief financial officer mainly responsible for its finance management since June 2018 and also a joint company secretary since July 2019.

Mr. Ma obtained a bachelor's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 1998. Mr. Ma is a member of the Chinese Institute of Certified Public Accountants.

Mr. Au Yeung Po Fung (歐陽寶豐), aged 52, was appointed as our independent non-executive Director on June 10, 2020 and he is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Au Yeung has extensive work experience in the real estate industry. He held various senior management positions in the following companies in the real estate industry:

Name of company	Principal business	Place of listing and stock code	Position	Period of service
Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司)	Commercial real estate development and investment, property management and hotel development	Main Board of the Stock Exchange (stock code: 1238)	Chief financial officer	November 2007 to October 2011
Sun Hung Kai Properties Limited (新鴻基地產開發有限公司)	Development of properties for sale and investment	Main Board of the Stock Exchange (stock code: 16)	Chief financial officer at Sun Hung Kai Real Estate Agency Ltd (新鴻基地產代理有限公司), a subsidiary of Sun Hung Kai Properties Limited (Mainland operations)	October 2011 to December 2013
Fosun Industrial Holdings Limited (復星地產控股有限公司) (a subsidiary of Fosun International Limited (復星國際有限公司))	Global real estate investment and management	Main Board of the Stock Exchange (stock code: 656)	Vice president and chief financial officer	February 2014 to August 2014

Name of company	Principal business	Place of listing and stock code	Position	Period of service
Sansheng Holdings (Group) Co. Ltd. (三盛控股(集團)有限公司)	Property development and investment	Main Board of the Stock Exchange (stock code: 2183)	Chief financial officer and vice president of Sansheng Real Estate Group	August 2017 to January 2018
Beijing Huahong Jiye Investment Group Co., Ltd. (北京華鴻基業投資集團有限公司)	Investment development and property development	N/A	Vice president	March 2018 to October 2018
Shanghai Huadong Properties (Group) Limited (上海華董地產(集團)有限公司)	Property development	N/A	Vice president	February 2019 to present

In addition, Mr. Au Yeung holds or had held directorships in the following listed companies:

Name of company	Principal business	Place of listing and stock code	Position	Period of service
Kiu Hung International Holdings Limited (僑雄國際控股有限公司)	Toys, resources and leisure-related business	Main Board of the Stock Exchange (stock code: 381)	Independent non-executive director	May 2016 to September 2016
China LNG Group Limited (中國天然氣集團有限公司)	Asset management and new energy development	Main Board of the Stock Exchange (stock code: 931)	Independent non-executive director	July 2016 to September 2019
GR Properties Limited (國銳地產有限公司)	Property development and management	Main Board of the Stock Exchange (stock code: 108)	Independent non-executive director	July 2017 to February 2020
Shanshan Brand Management Co., Ltd. (杉杉品牌運營股份有限公司)	Design, marketing and sales of formal and casual business menswear	Main Board of the Stock Exchange (stock code: 1749)	Independent non-executive director	May 2018 to present
Redsun Properties Group Limited (弘陽地產集團有限公司)	Real estate development	Main Board of the Stock Exchange (stock code: 1996)	Independent non-executive director	June 2018 to present

Name of company	Principal business	Place of listing and stock code	Position	Period of service
eBroker Group Limited (電子交易集團有限公司)	Financial technology solution provider	GEM of the Stock Exchange (stock code: 8036)	Independent non-executive director	June 2018 to present
Zhongliang Holdings Group Company Limited (中梁控股集團有限公司)	Property development, property management, property leasing and management consulting	Main Board of the Stock Exchange (stock code: 2772)	Independent non-executive director	June 2019 to present
Sinic Holdings (Group) Company Limited (新力控股(集團)有限公司)	Property development and property leasing	Main Board of the Stock Exchange (stock code: 2103)	Independent non-executive director	August 2019 to present

While Mr. Au Yeung is currently holding directorships in five other companies listed on the Stock Exchange as disclosed above, our Directors are of the view that Mr. Au Yeung will be able to devote sufficient time to discharge his duties and responsibilities as an independent non-executive Director given that: (i) his roles in other listed companies primarily require him to oversee their management independently, rather than to allocate substantial time on the participation of the day-to-day management and operations of their respective businesses; (ii) he has demonstrated that he is capable of devoting sufficient time to discharge his duties owed to each of these listed companies by attending board meetings and board committee meetings of these listed companies during their latest financial year, as disclosed in the annual reports of the relevant listed companies; (iii) he has acquired extensive management experience and developed substantial knowledge on corporate governance through his directorships in other listed companies, which is expected to facilitate the proper discharge of his duties and responsibilities as an independent non-executive Director; and (iv) he has confirmed that he will have sufficient time to fulfill his duties as an independent non-executive Director notwithstanding his existing independent non-executive directorships in five other listed companies.

Mr. Au Yeung graduated from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in Hong Kong in November 1990 with a bachelor's degree in business studies. He was admitted as a fellow of The Association of Chartered Certified Accountants in November 2000, a fellow of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants (HKICPA)) in May 2003, and a fellow of the Institute of Chartered Accountants in England and Wales in July 2015. Mr. Au Yeung was also certified as a chartered financial analyst (CFA) of the CFA Institute in September 2006.

During the period between 1998 and 2001, Mr. Au Yeung was a director of Uniford Asia Limited, a company incorporated in Hong Kong and dissolved by striking off pursuant to section 291 of the then Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (as in force before March 3, 2014) on May 18, 2001. Mr. Au Yeung has confirmed that such company was not in operation and was solvent at the time of dissolution. Mr. Au Yeung has further confirmed that there was no fraudulent act or misfeasance on his part leading to the striking off of such company and he is not aware of any actual or potential claim that had been or will be made against him as a result of the striking off of such company.

Mr. Zhang Wei (張偉), aged 44, was appointed as our independent non-executive Director on June 10, and he is primarily responsible for providing independent advice on the operations and management of our Group. Prior to joining our Group, from December 2011 to January 2015, he served as director at asset management department at Legend Holdings Corporation (聯想控股股份有限公司), a company principally engaged in strategic investment business, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3396). From January 2015 to February 2019, he worked as the general manager of legal department at China Vanke Co., Ltd. (萬科企業股份有限公司), a joint stock company principally engaged in the property development and property services whose shares are listed on the Main Board of the Stock Exchange (H share stock code: 2202) and on the Shenzhen Stock Exchange (A share stock code: 00002). Since July 2018, he has served as an independent director at Appotronics Corporation Limited (深圳光峰科技股份有限公司), a company principally engaged in laser display technology development, whose shares are listed on the Shanghai Stock Exchange (stock code: 688007). Since February 2019, he has worked at 360 Security Technology Inc. (三六零安全科技股份有限公司), an internet and mobile security product and service provider listed on the Shanghai Stock Exchange (stock code: 601360), where he served as the vice president and chief legal consultant mainly responsible for legal affairs.

Mr. Zhang obtained a bachelor's degree in law and a master's degree in civil and commercial law from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan University of Law (中南政法大學)), the PRC in July 1996 and June 2000, respectively. He also obtained a master's degree and a juris doctor's degree from the Indiana University School of Law, the United States in May 2004 and August 2007, respectively. Mr. Zhang also holds the New York qualification certificate to practice as an attorney and counselor at law, conferred by the Appellate Division of the Supreme Court of the State of New York in the United States in April 2008.

SENIOR MANAGEMENT

Mr. Ren Xiaoguang (任曉光), aged 42, joined our Group in December 2016 as the vice president of Zhenro Property Services. He is primarily responsible for risk control and overall business management of our Group. Mr. Ren has over 12 years of experience in PRC real estate industry. Prior to joining our Group, from August 2007 to December 2016, he worked at China Resources Land (Shanghai) Property Management Co., Ltd. (華潤置地(上海)物業管理有限公司), a company principally engaged in the business of the real estate agency and property management, where he served as the managing director mainly responsible for its operational management. He was appointed as the councilor of Zhenro Public Welfare Foundation (正榮公益基金會) and China Property Management Institute (中國物業管理協會) in January 2017 and May 2019, respectively.

Mr. Ren obtained a bachelor's degree in law from Fudan University (復旦大學) in the PRC in July 2000. He was conferred the real estate (intermediate economist qualification (房地產(中級)經濟師) by the Ministry of Personnel of the PRC in November 2003. He was also recognized as a property manager by the Shanghai Human Resources and Social Security Bureau in February 2012 and a registered property manager by MOHURD in June 2014.

Mr. Liu Chang (劉暢), aged 42, was appointed as the chief financial officer of our Group on May 10, 2019. He joined our Group in May 2019 and he is primarily responsible for the overall management of the investment and financial affairs of our Group. Mr. Liu has over 18 years of experience in financial management. Prior to joining our Group, from July 2001 to November 2004, he worked as budget supervisor, mainly responsible for budget management at Kingdee Software (China) Company Limited (金蝶軟件(中國)有限公司), a company principally engaged in the development of computer hardware and software. From November 2004 to November 2009, he worked as financial director of Southeast Asia Region, mainly responsible for the overall financial management at Huawei Technologies Co, Ltd (華為技術有限公司), a company principally engaged in the provision of information and communication technology solutions. From November 2009 to April 2015, he worked as assistant executive president, mainly responsible for group strategy management and capital operation at GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), an energy supplier whose shares are listed on the Main Board of the Stock Exchange (stock code: 3800). From April 2015 to May 2016, he worked as chief financial officer, mainly responsible for financial management, capital operation and internal control at Shenzhen Noposion Agrochemicals Co., Ltd (深圳諾普信農化股份有限公司), a company principally engaged in developing the agricultural biological high-tech products and services whose shares are listed on the Shenzhen Stock Exchange (stock code: 002215). From June 2016 to April 2018, he worked as chief financial officer, mainly responsible for the overall financial management at Colour Life Service Group Co., Limited (彩生活服務集團有限公司), a company principally engaged in property management whose shares are listed on the Main Board of the Stock Exchange (stock code: 1778). From April 2018 to May 2019, he worked as chief financial officer, mainly responsible for overall financial management at Ever Sunshine Lifestyle Services Group Ltd. (永升生活服務集團有限公司), a property management services provider listed on the Main Board of the Stock Exchange (stock code: 1995).

Mr. Liu obtained a bachelor's degree in economics from Xi'an Jiaotong University (西安交通大學) in the PRC in July 2001 and a master degree in business administration from the University of Manchester in the United Kingdom in June 2016. He was recognized as a fellow member of the Association of International Accountants in the United Kingdom in December 2013 as well as a fellow member of Institute of Public Accountants in Australia in January 2014.

Mr. Xi Deshuai (席得帥), aged 40, was appointed as the general manager of Fujian area of our Group on November 1, 2016. He joined our Group in November 2016 and he is primarily responsible for the daily management and operations of our business in Fujian area. Mr. Xi has over 12 years of experience in public relationships for PRC real estate industry. Prior to joining our Group, from September 2007 to February 2012, he worked as customer service supervisor, mainly responsible projects delivery and brand management at Chengdu Shenchangcheng Real Estate Co., Ltd. (成都深長城地產有限公司), a real estate developer and a subsidiary of Shenzhen Centralcon Investment Holding Co., Ltd. (深圳市中洲投資控股股份有限公司), company listed on the Shenzhen Stock Exchange (stock code: 000042). From April 2012 to September 2013, he worked as customer service manager, mainly responsible for customer service management at Chengdu Shangjin Property Co., Ltd. (成都上錦置業有限公司), a wholly-owned subsidiary of Shanghai Forte Land Co. Ltd. (復地(集團)股份有限公司), a real estate development company. From October 2013 to April 2015, he worked as planning manager at the marketing management department of South Asia Real Estate Group Co., Ltd. (南益地產集團有限公司), a real estate development company, where he was mainly responsible for customer service management. From June 2015 to October 2016, he joined Zhenro Properties Holdings Company Limited (正榮地產控股股份有限公司), a wholly-owned subsidiary of Zhenro Properties, as customer relationship director and was later promoted to vice general manager of customer relationship department mainly responsible for customer service management.

Mr. Xi obtained a bachelor's degree in law from Yunnan Normal University (雲南師範大學) in the PRC in July 2004. He obtained a master's degree in arts from Yunnan University (雲南大學) in the PRC in July 2007. Mr. Xi completed a part-time program and received a postgraduate diploma in service design and experience strategy from the Institute for China Business of the School of Professional and Continuing Education of the University of Hong Kong in Hong Kong in July 2016.

Saved as disclosed above, none of our Directors or senior management members has been a director of any listed companies during the three years immediately preceding the Latest Practicable Date.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no information relating to our Directors that is required to be disclosed pursuant to paragraphs (b) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of our Shareholders as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. Liu Chang (劉暢), aged 42, was appointed as our joint company secretary on December 6, 2019. For details of his background, see "– Senior Management" in this section above.

Mr. Lei Kin Keong (李健強), aged 43, was appointed as our joint company secretary on December 6, 2019. Mr. Lei has over 19 years of accounting, auditing and company secretary experience. From August 2000 to March 2013, Mr. Lei worked for various accounting firms and companies in Hong Kong responsible for audit accounting and financial reporting work. From May 2013 to February 2017, Mr. Lei worked as the company secretary at China Biotech Services Holdings Limited (formerly known as Rui Kang Pharmaceutical Group Investments Limited), an investment holding company whose shares are listed on GEM of the Stock Exchange (stock code: 8037)). From January 2018 to July 2018, he worked as the company secretary and financial controller at Boill Healthcare Holdings Limited (formerly known as Ngai Shun Holdings Limited), a company principally engaged in foundation business whose shares are listed on the Main Board of the Stock Exchange (stock code: 1246), where he was responsible for financial reporting, corporate compliance and company secretarial matters. Since April 2019, Mr. Lei has served as the joint company secretary of Ruichang (China) Media Group Limited (stock code: 1640), an advertising service provider and China Tianbao Group Development Company Limited (stock code: 1427), a real estate developer, both of which are listed on the Main Board of the Stock Exchange. Since December 30, 2019, he has served as the joint company secretary of Bank of Guizhou Co., Ltd. a company listed on the Main Board of the Stock Exchange (stock code: 6199). He is currently an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited which is principally engaged in the provision of company secretarial services, and has assisted in discharging company secretarial responsibilities in various companies listed on the Stock Exchange.

Mr. Lei graduated from the Hong Kong Polytechnic University with a bachelor's degree in arts majoring in accountancy in December 2006. He is also a non-practicing member of The Hong Kong Institute of Certified Public Accountants, an associate of The Hong Kong Institute of Chartered Secretaries and an associate of the Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit committee

Our Group has established the Audit Committee on June 15, 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely, Mr. Ma Haiyue, Mr. Chan Wai Kin and Mr. Zhang Wei. Mr. Zhang Wei has been appointed as the chairman of the Audit Committee, and Mr. Ma Haiyue has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) providing advice and comments to our Board; and (iii) performing other duties and responsibilities as may be assigned by our Board.

Remuneration committee

Our Group has established the Remuneration Committee on June 15, 2020 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three members, namely Mr. Au Yeung Po Fung, Mr. Huang Liang and Mr. Zhang Wei. Mr. Au Yeung Po Fung has been appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management member; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination committee

Our Group has established the Nomination Committee on June 15, 2020 with written terms of reference in compliance with paragraph A.5 of the CG Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Huang Xianzhi, Mr. Ma Haiyue and Mr. Au Yeung Po Fung. Mr. Huang Xianzhi has been appointed as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members; (iii) assessing the independence of our independent non-executive Directors; and (iv) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the CG Code. Our Company is committed to the view that our Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the objective and approach to achieve diversity of our Board. Our Group recognizes the benefits of having a diversified Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Group's strategic objectives and sustainable development. Our Group seeks to achieve diversity of our Board through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, education background, gender, age and ethnicity. Our Directors have a balanced mix of experiences, including overall management, brand improvement, business development, legal, finance, auditing and accounting experiences. Furthermore, the ages of our Directors range from 39 years old to 52 years old. The education background of our Directors ranges from economics and business administration to law, with degrees awarded by education institutions in PRC and Hong Kong to the United States.

After Listing, the Nomination Committee will review the board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. Our Directors recognize the particular importance of gender diversity and that gender diversity at the Board level can be improved given its current composition of all-male Directors. The Nomination Committee will, within three years from the Listing Date, use its best effort to identify and recommend female candidates to our Board for its consideration for appointment as Directors with an ultimate aim to achieve a target of at least 20% female representation in our Board.

Nevertheless, with a view to developing a pipeline of potential successors to our Board that may meet the target gender diversity, our Group will (i) continue to apply the principle of appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of our Group by recruiting staff at a mid to senior level with regard to the benefits of gender diversity; and (iii) engage more resources in training female staff who we consider having the suitable experience, skills and knowledge for our business to equip themselves with the attributes and competencies required to serve as members of our Board in light of our strategic needs and the industry in which we operate with the aim of promoting them to our Board in a few years' time.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of fees, salaries, bonuses and other benefits in kind such as contributions to pension plans. The aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowance and other benefits in kind) paid to our Directors for 2017, 2018 and 2019 was approximately RMB0.8 million, RMB0.9 million, and RMB5.2 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

The aggregate amount of fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowance and other benefits in kind paid to our five highest paid individuals in respect of 2017, 2018 and 2019 was approximately RMB3.4 million, RMB4.3 million and RMB11.0 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of each of 2017, 2018 and 2019. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowances and other benefits in kind) of our Directors for the year ending December 31, 2020 is estimated to be no more than RMB7.5 million. Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

COMPLIANCE ADVISOR

Our Company has appointed Guotai Junan Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including shares issues and share repurchases;
- where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The term of the appointment of our compliance advisor shall commence on the Listing Date and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), have 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 issued voting shares of our Company:

Name of Shareholder	Nature of interest	Shares held immediately prior to the completion of the Capitalization Issue and the Global Offering[1]		Shares held immediately following the completion of the Capitalization Issue and the Global Offering[1]	
		Number	Approximate Percentage	Number	Approximate Percentage
Mr. ZR Ou[2]	Interest in controlled corporation	436,525,000 Shares (L)	87.3%	654,787,500 Shares (L)	65.5%
WeiZheng[2]	Beneficial owner	341,525,000 Shares (L)	68.3%	512,287,500 Shares (L)	51.2%
WeiYao[2]	Beneficial owner	47,500,000 Shares (L)	9.5%	71,250,000 Shares (L)	7.1%
WeiTian[2]	Beneficial owner	47,500,000 Shares (L)	9.5%	71,250,000 Shares (L)	7.1%
Ms. Lin Shuying (林淑英)[3]	Interest of spouse	436,525,000 Shares (L)	87.3%	654,787,500 Shares (L)	65.5%
Mr. GQ Ou[4]	Interest in controlled corporation	38,475,000 Shares (L)	7.7%	57,712,500 Shares (L)	5.8%
WeiQiang[4]	Beneficial owner	38,475,000 Shares (L)	7.7%	57,712,500 Shares (L)	5.8%
Ms. Li Xi (李熹)[5]	Interest of spouse	38,475,000 Shares (L)	7.7%	57,712,500 Shares (L)	5.8%

Notes:

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

(2) Each of WeiZheng, WeiYao and WeiTian is wholly-owned by Mr. ZR Ou. By virtue of the SFO, Mr. ZR Ou is deemed to be interested in the Shares in which WeiZheng, WeiYao and WeiTian are interested in.

(3) Ms. Lin Shuying is the spouse of Mr. ZR Ou. By virtue of the SFO, Ms. Lin Shuying is deemed to be interested in the Shares in which Mr. ZR Ou is interested in.

(4) WeiQiang is wholly-owned by Mr. GQ Ou. By virtue of the SFO, Mr. GQ Ou is deemed to be interested in the Shares in which WeiQiang is interested in.

(5) Ms. Li Xi is the spouse of Mr. GQ Ou. By virtue of the SFO, Ms. Li Xi is deemed to be interested in the Shares in which Mr. GQ Ou is interested in.

If the Over-allotment Option is fully exercised, the interest of Mr. ZR Ou, WeiZheng, WeiYao, WeiTian, Ms. Lin Shuying, Mr. GQ Ou, WeiQiang and Ms. Li Xi in our Shares will be approximately 63.1%, 49.4%, 6.9%, 6.9%, 63.1%, 5.6%, 5.6% and 5.6%, respectively.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), 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 issued voting shares 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.

The following is a description of the authorized 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 the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme):

		Nominal value *(US$)*
Authorized share capital:		
20,000,000,000	Shares of US$0.002 each	40,000,000
Issued and to be issued, fully paid or credited as fully paid:		
500,000,000	Shares in issue as of the date of this prospectus	1,000,000
250,000,000	Shares to be issued pursuant to the Capitalization Issue	500,000
250,000,000	Shares to be issued under the Global Offering	500,000
1,000,000,000	**Total**	2,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Capitalization Issue and the Global Offering are made. It takes no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or bought back by us pursuant to the general mandates granted to our Directors to issue or buy back Shares as described below.

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalization Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarized in "Statutory and General Information – D. Share Option Scheme" in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE AND ALLOT NEW SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to issue, allot and deal with Shares in the share capital of our Company with a total number of issued shares of not more than the sum of:

(1) 20% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme); and

(2) the total number of Shares bought back by our Company (if any) pursuant to the general mandate to buy back Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorized to issue under this general mandate, issue, allot or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement.

This general mandate will remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of our Company; or

(ii) the expiration of the period within the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or

(iii) the date on which such general mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in "Statutory and General Information – A. Further information about our Company – 4. Written resolutions of our Shareholders passed on June 15, 2020" in Appendix IV to this prospectus.

GENERAL MANDATE TO BUYBACK SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to buy back Shares with a total number of Shares of not more than 10% of the total number of Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme).

This mandate only relates to buybacks made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in "Statutory and General Information – A. Further information about our Company – 6. Buyback by our Company of our own securities" in Appendix IV to this prospectus.

This general mandate to buy back Shares will remain in effect until the earliest of:

(i) the conclusion of the next annual general meeting of the Company; or

(ii) 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

(iii) the date on which such general mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in "Statutory and General Information – A. Further information about our Company – 4. Written resolutions of our Shareholders passed on June 15, 2020" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of Shares, namely ordinary shares, each of which carries the same rights as the other Shares.

As a matter of the Cayman Islands Companies Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed under the Articles, a summary of which is set out in "Summary of the constitution of the Company and Cayman Islands Companies Law" in Appendix III to this prospectus.

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto set forth in the Accountants' Report set out in Appendix I to this prospectus. The Accountants' Report has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current views with respect to future events and financial performance 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 events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in "Risk Factors," "Forward-looking Statements" and elsewhere in this prospectus.

OVERVIEW

We are a nationwide, fast-growing and comprehensive property management service provider in China, offering diversified property management services for residential and non-residential properties. According to CIA, we were ranked 19th and 22nd among the 2020 and 2019 Top 100 Property Management Companies in China in terms of overall strength[1] (2020中國物業服務百強企業第19名和2019中國物業服務百強企業第22名) in 2020 and 2019, respectively. According to CIA, we are one of the fastest-growing property management companies in China. We were ranked tenth and third in terms of growth rate of revenue and net profit for 2019, respectively, among the top 30 of the 2020 Top 100 Property Management Companies, and were ranked fourth and seventh in terms of growth rate of revenue and net profit for 2018, respectively, among the top 30 of the 2019 Top 100 Property Management Companies.[1] According to Yihan Zhiku, we were recognized as one of the Top Ten of the 2019 Community Service Providers in China by Growth (2019中國社區服務商成長性10強) in 2019.

As a result of our efficient operation and quality services, we experienced continual and rapid growth during the Track Record Period. Our revenue increased by 67.2% from RMB272.9 million in 2017 to RMB456.3 million in 2018, which is higher than the average revenue growth rate of 19.4% for the Top 100 Property Management Companies for the same period reported by CIA. Our revenue increased by 57.0% to RMB716.2 million in 2019. Our net profit increased by 94.7% from RMB20.3 million in 2017 to RMB39.5 million in 2018,

Note:

(1) CIA publishes the ranking of the Top 100 Property Management Companies in China in terms of overall strength each year. CIA prepares such ranking by assessing the relevant key factors of each company, including but not limited to, management scale, operational performance, service quality, growth potential and social responsibility. Our rankings based on the growth rate of revenue and net profit may be different from the rankings of overall strength. See "Industry Overview — Background and Methodologies of CIA" in this prospectus for more details.

which is higher than the average net profit growth rate of 26.0% for the Top 100 Property Management Companies for the same period reported by CIA. Our net profit increased significantly to RMB109.2 million in 2019.

BASIS OF PRESENTATION

Our Company was incorporated in Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on December 17, 2018. Pursuant to the Reorganization which is further explained in "History, Reorganization and Corporate Structure — Reorganization" in this prospectus, our Company became the holding company of the companies now comprising our Group. The companies currently comprising our Group were under the common control of our Controlling Shareholders before and after the Reorganization.

The historical financial information of our Group has been prepared in accordance with the IFRS and on a consolidated basis. The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of our Group include the results and cash flows of the companies currently comprising our Group from the earliest date presented or since the date when our Group's subsidiaries and/or businesses first came under the common control of our Controlling Shareholders, whichever is the shorter period. The consolidated statements of financial position of our Group have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from our Controlling Shareholders' perspective. No adjustments have been made to reflect fair values, or to recognize any new assets or liabilities as a result of the Reorganization. Equity interests in subsidiaries and/or businesses held by parties other than our Controlling Shareholders and changes therein prior to the Reorganization are presented as non-controlling interests in equity by applying the principles of merger accounting. For more information on the basis of presentation of our financial information included herein, see Note 2 in the Accountants' Report in Appendix I to this prospectus.

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 "Risk Factors" in this prospectus and those discussed below:

Our GFA under Management

During the Track Record Period, we generated a majority of our revenue from our property management services, which amounted to RMB146.8 million, RMB248.1 million and RMB342.3 million, respectively, for 2017, 2018 and 2019, accounting for approximately 53.9%, 54.3%, and 47.8% of our total revenue for the same periods, respectively. Accordingly, our business and results of operations depend on our ability to maintain and increase our GFA under management, which in turn is affected by our ability to secure new and renew existing

property management service agreements. During the Track Record Period, we experienced a rapid growth in our GFA under management, which was 9.4 million sq.m., 12.6 million sq.m., and 22.9 million sq.m. as of December 31, 2017, 2018 and 2019, respectively.

During the Track Record Period, a significant percentage of the projects we managed were developed by Zhenro Property Group. As of December 31, 2017, 2018 and 2019, the GFA under our management from Projects Developed by Zhenro Property Group accounted for 77.1%, 74.5% and 47.7% of our total GFA under management as of the same dates, respectively. We have made continuous efforts to enlarge our customer base to include third-party property developers, with a view to generating additional revenue from extra sources and diversifying our project portfolio. As a result, we have experienced a continuous growth in our GFA under management from Projects Solely Developed by Third-party Property Developers during the Track Record Period, which accounted for approximately 22.9%, 25.5% and 50.6% of our total GFA under management as of December 31, 2017, 2018 and 2019, respectively. We also managed Jointly Developed Projects in 2019, which accounted for approximately 1.7% of our total GFA under management as of December 31, 2019. Our increasing number of Projects Solely Developed by Third-party Property Developers diversified our project portfolio and will drive the continuing growth of our revenue and profits. See "Risk Factors — Risks Relating to Our Business and Industry — We cannot assure you that we can secure new or renew our existing property management service agreements on favorable terms, or at all" in this prospectus for further discussion.

Our Branding and Pricing Ability

Our financial condition and results of operations are affected by our ability to continuously maintain or increase the fee rates we charge for our services, which is, in part, affected by our brand recognition and positioning in China's property management industry. We leverage our branding in pricing our services, and take into account factors such as characteristics and locations of the properties, our budget, target profit margins, property owner and resident profiles and the scope and quality of our services. In addition, we also balance multiple considerations, including competitiveness, profitability as well as our ability to shape and preserve our image as a quality property management service provider. For example, we may set higher prices for certain services we provide, such as "Rong Services 2.0+," which primarily target high-end residential communities. See "Business — Our Brands" in this prospectus for more details. We charge higher prices for certain more premium services as they cost more to provide, and also because we aim to cultivate a sense of prestige with such services. Our ability to effectively balance the aforementioned considerations is key to our financial condition and results of operations.

Our pricing ability can materially affect our results of operations. We set forth below a sensitivity analysis of our revenue and profit and total comprehensive income for the year with reference to the fluctuations of average property management fees for property management services during the Track Record Period for illustrative purposes. The sensitivity analysis

below demonstrates the impact of the hypothetical decrease in average property management fees for property management services on our revenue and profit and total comprehensive income, while all other factors remain unchanged:

	For the year ended December 31,		
	2017	**2018**	**2019**
		RMB'000	
Profit and total comprehensive income for the year. .	20,297	39,524	109,160
Assuming 5% decrease in our average property management fees			
Increase/(decrease) in revenue from our property management service business	(7,341)	(12,403)	(17,116)
Increase/(decrease) in profit and total comprehensive income for the year[(1)]	(5,506)	(9,302)	(12,837)
Assuming 10% decrease in our average property management fees			
Increase/(decrease) in revenue from our property management service business	(14,682)	(24,806)	(34,231)
Increase/(decrease) in profit and total comprehensive income for the year[(1)]	(11,012)	(18,605)	(25,674)

Note:

(1) Impact on profit and total comprehensive income for the year was calculated under the assumption that EIT was 25.0% for the year.

We strive to continuously enhance the standard or scope of our property management services, and we may experience increases in costs from time to time. In response, we endeavor to maintain or raise our property management fee rates when renewing the expiring property management service agreements to maintain or improve our profit margin. Our ability to raise our fee rates will be impacted by our ability to uphold and enhance our branding and any pricing controls imposed by the relevant PRC authorities.

Business Mix

During the Track Record Period, our financial condition and results of operations were affected by our business mix. Our profit margins vary across our three business lines, namely, property management services, value-added services to non-property owners and community value-added services. Any change in the structure of revenue contribution from our three business lines or change in profit margin of any business line may have a corresponding impact on our overall gross profit margin.

The table below sets forth the revenue contribution by business line for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	146,823	53.9	248,058	54.3	342,314	47.8
Value-added services to non-property owners	110,352	40.4	149,591	32.8	262,255	36.6
Community value-added services	15,683	5.7	58,659	12.9	111,651	15.6
Total	**272,858**	**100.0**	**456,308**	**100.0**	**716,220**	**100.0**

The table below sets forth the gross profit margin by business line for the years indicated:

	For the year ended December 31,		
	2017	2018	2019
		%	
Property management services	20.4	20.0	23.1
Value-added services to non-property owners	30.5	30.6	34.5
Community value-added services	43.0	43.8	67.2
Overall gross profit margin	**25.8**	**26.5**	**34.1**

In general, the gross profit margins of our community value-added services were higher than those of (i) our property management services and (ii) value-added services to non-property owners. The relatively high gross profit margins for our community value-added services during the Track Record Period were primarily due to the fact that the other two business lines are more labor-intensive than community value-added services. Our overall gross profit margin increased throughout the Track Record Period, primarily reflecting economies of scale as we expanded the project portfolio under our management, the growth of our community value-added services and our implementation of effective cost control measures. We have taken various cost-saving measures to control our costs, primarily including employing technological solutions to replace manual labor and control labor costs and standardizing operational procedures associated with our various services. See "— Key Factors Affecting Our Results of Operations — Ability to Mitigate the Impact of Rising Labor Costs" below in this section for more details.

Ability to Mitigate the Impact of Rising Labor Costs

Since property management is labor intensive, labor costs constitute a substantial portion of our cost of sales. During the Track Record Period, our labor costs increased considerably as a result of the expansion of our business, increases in our average salary and increases in the market prices for labor. In 2017, 2018 and 2019, our labor costs recorded under our cost of sales were RMB147.5 million, RMB222.5 million and RMB278.3 million, respectively, accounting for 72.8%, 66.4% and 59.0% of our cost of sales in the same periods, respectively. Historically, labor costs negatively affected our gross profit margin. To cope with rising labor costs, we continue to implement a number of cost control measures, such as creating detailed cost control plans tailored to each project, employing technological solutions to replace manual labor and control labor costs, subcontracting certain labor-intensive tasks to third parties while maintaining close supervision over their services, optimizing our staffing structure and schedules to improve efficiency and standardizing operational procedures associated with our various services. In 2017, 2018 and 2019, we incurred subcontracting costs of RMB27.8 million, RMB55.1 million and RMB107.9 million, respectively, representing 13.7%, 16.4% and 22.9%, respectively, of our cost of sales in the same periods. The increase in subcontracting costs during the Track Record Period was also attributable to (i) the expansion of our business and (ii) our enlarged outsourcing scale, in both absolute amount and proportion, as a result of our cost control measures. See "Business — Suppliers" in this prospectus for further discussion.

Competition

We primarily compete against national, regional and local property management companies, particularly those affiliated with property developers in China. According to CIA, Zhenro Property Group's market position as a reputable property developer in the PRC real estate industry provides a strong foundation for our growth. In recent years, the percentage of our GFA under management for Projects Developed by Zhenro Property Group to our overall portfolio has decreased, while the percentage of our GFA under management for Projects Solely Developed by Third-party Property Developers has increased. This demonstrates that while we are able to enjoy the support from Zhenro Property Group, we are also capable of searching for, and taking advantage of, market opportunities independently. According to CIA, in 2020, we were ranked 19th among the 2020 Top 100 Property Management Companies in China in terms of overall strength, representing an improvement of three places upwards from the 22nd place among the 2019 Top 100 Property Management Companies in 2019; we were ranked 22nd among the 2019 Top 100 Property Management Companies in China in terms of overall strength, representing a leap of seven places upwards from the 29th place among the 2018 Top 100 Property Management Companies in 2018. See "Business — Competition" and "Industry Overview — Competition" in this prospectus for more information. Our ability to compete effectively against our competitors and strengthen our market position depends on our ability to enhance our competitive strengths. If we fail to compete effectively and grow our GFA under management, we may lose our existing market position and experience decreased revenue and weakened profitability.

SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

When reviewing our consolidated financial statements, you should consider (i) our significant accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions. Our significant accounting policies, judgments and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2 in the Accountants' Report in Appendix I, respectively, to this prospectus. We set forth below those accounting policies and estimates that we believe involve the most significant estimates and judgments used in the preparation of our financial statements.

Significant Accounting Policies

Revenue recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect 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 we 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 recognized 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 our Group and the customer at contract inception. When the contract contains a financing component which provides us a significant financial benefit for more than one year, revenue recognized 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.

(i) *Property management services.* We charged property management fees in respect of the property management services on a lump sum basis and on a commission basis.

On a lump sum basis, we are entitled to retain the full amount of received property management fees. From the property management fees, we shall bear expenses associated with, among others, staff, cleaning, security, landscaping and repair and maintenance services and general overheads covering the common areas. During the

term of the contract, if the amount of property management fees we collected is not sufficient to cover all the expenses incurred, we are not entitled to request the property owners to pay the shortfall. Accordingly, on a lump sum basis, we recognize as revenue as the full amount of property management fees we charged to the property owners and property developers. These services are performed by an indeterminate number of acts over a specified period of time. Accordingly, revenue is recognized on a straight-line basis over the specified period unless there is evidence that some other methods better represents the stage of completion, and the costs of services is recognized as incurred in connection with performing such services.

On a commission basis, we are entitled to a fixed amount of management fees which the property owners and property developers are obligated to pay over a specific contract period. The remainder of the management fee is used as property management working capital to cover the property management expenses associated with the property management work. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally repayable to the customer. 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 the community management offices first, with a right to recover from the residents subsequently. On a commission basis, we essentially act as an agent of the property owners and property developers and accordingly, we only recognize as its revenue the predetermined property management fees on a straight-line basis over the specified contract period.

(ii) *Value-added services to non-property owners.* Value-added services to non-property owners mainly includes planning and design consultancy services to property developers, which is recognized at a point in time when such consultancy services have been provided; and we have a present right to payment for the services or other property management service providers for sales assistance services which mainly include cleaning, security, maintenance of display units, visitor management and hospitality services to property developers at the pre-delivery stage which are recognized as over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us.

(iii) *Community value-added services.* Revenue from community value-added services is recognized when the related services are rendered and the customer simultaneously receives and consumes the benefits provided by us.

In addition, we also record other income which mainly include interest income, which is recognized 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 or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

We generally perform an impairment test on our goodwill on annual basis. For the purpose of the impairment test, goodwill is allocated to each of our cash-generating units (the "CGU"), or groups of CGU, that is expected to benefit from the synergies of the business combination, which represent the lowest level at which the goodwill is monitored for internal management purposes, irrespective of whether our other assets or liabilities are assigned to those CGUs.

The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of the value in use and the fair value less cost of disposal. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized and not subsequently reversed.

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The useful lives of other intangible assets are assessed to be either finite or indefinite. Other intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an other intangible asset with a finite useful life are reviewed at least as of each financial year end.

Impact of adoption of new accounting policies and amendments to certain accounting policies

We have consistently applied IFRS 9 "Financial Instruments," IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases" throughout the Track Record Period. The adoption of IFRS 9, IFRS 15 and IFRS 16 did not have any significant impact on our financial position and performance when compared to that of IAS 39 "Financial Instruments: Recognition and Measurement," IAS 18 "Revenue" and IAS 17 "Leases."

Significant Accounting Judgments and Estimates

The preparation of our Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. The key judgments and assumptions

concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

We determine whether goodwill is impaired at least on of annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As of December 31, 2017 and 2018 and 2019, the carrying amount of goodwill was RMB19.5 million, RMB19.5 million and RMB59.5 million, respectively. Further details are in Note 16 to the Accountants' Report in Appendix I to this prospectus, respectively.

Provision for expected credit losses ("ECL") on trade receivables

We use 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, including by geography, customer type and rating, as well as coverage by letters of credit and other forms of credit insurance.

The provision matrix is initially based on our Group's historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions such as gross domestic products 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 analyzed.

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 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 trade receivables is disclosed in Note 19 to the Accountants' Report in Appendix I to this prospectus, respectively.

Impairment of non-financial assets (other than goodwill)

Our Group assesses whether there are any indicators of impairment for all non-financial assets as of December 31, 2017, 2018 and 2019. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. 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.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,		
	2017	**2018**	**2019**
		RMB'000	
Revenue	**272,858**	**456,308**	**716,220**
Cost of sales	(202,539)	(335,325)	(471,731)
Gross profit	**70,319**	**120,983**	**244,489**
Other income and gains	713	3,522	6,314
Administrative expenses	(41,093)	(68,627)	(96,535)
Impairment losses of financial assets, net	(2,174)	(2,462)	(4,591)
Finance costs, net	(39)	(52)	(2,973)
Share of loss of an associate	(23)	(98)	(222)
Profit before tax	**27,703**	**53,266**	**146,482**
Income tax expense	(7,406)	(13,742)	(37,322)
Profit and total comprehensive income for the year	**20,297**	**39,524**	**109,160**
Attributable to:			
Owners of our Company	20,297	39,612	105,358
Non-controlling interests	–	(88)	3,802

Revenue

During the Track Record Period, we derived our revenue primarily from the following three business lines:

- Property management services, which primarily comprise (i) cleaning services, (ii) security services, (iii) landscaping services and (iv) repair and maintenance services to property developers, property owners and residents. Such business line contributed to 53.9%, 54.3% and 47.8% of our total revenue for 2017, 2018 and 2019, respectively. Our property management services are provided for residential and non-residential properties, and the latter includes, but is not limited to, government and public facilities, office buildings, industrial parks and schools;

- Value-added services to non-property owners, which primarily comprise (i) sales assistance services, (ii) additional tailored services, (iii) housing repair services, (iv) preliminary planning and design consultancy services and (v) pre-delivery inspection services. Such business line contributed to 40.4%, 32.8% and 36.6% of our total revenue for 2017, 2018 and 2019, respectively. Our value-added services to non-property owners are primarily provided to property developers which require sales assistance services and certain additional tailored services for their residential and/or non-residential properties; and

- Community value-added services, which primarily comprise (i) home-living services, (ii) car park management, leasing assistance and other services and (iii) common area value-added services. Such business line contributed to 5.7%, 12.9%, and 15.6% of our total revenue for 2017, 2018 and 2019, respectively. Our community value-added services are provided to property owners and residents to improve their living experiences and to preserve and enhance the value of their properties.

The following table sets forth the breakdown of our revenue by business line for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	146,823	53.9	248,058	54.3	342,314	47.8
Value-added services to non-property owners	110,352	40.4	149,591	32.8	262,255	36.6
Community value-added services	15,683	5.7	58,659	12.9	111,651	15.6
Total	**272,858**	**100.0**	**456,308**	**100.0**	**716,220**	**100.0**

Revenue from property management services

Revenue from our property management services, which primarily include cleaning services, security services, landscaping services and repair and maintenance services, increased during the Track Record Period, primarily driven by the increase in our total GFA under management as a result of our business expansion through organic growth as well as acquisition. During the Track Record Period, we experienced a steady growth in our GFA under management, which was 9.4 million sq.m., 12.6 million sq.m. and 22.9 million sq.m. as of December 31, 2017, 2018 and 2019, respectively.

Property management fees may be charged on either a lump sum or a commission basis. The lump-sum fee model is the dominant method of collecting property management fees in China. It dispenses with certain collective decision-making procedures among property owners and residents for making large expenditures, which instead are required under the commission fee model. Another advantage of the lump-sum fee model is that it incentivizes property management companies to optimize their cost structure and streamline their business operations to enhance profitability, which is conducive to the development of the PRC property management industry as a whole. During the Track Record Period, we charged property management fees under the lump sum basis for almost all of the properties under our management. We expect property management fees charged on a lump sum basis to continue to account for substantially all of our revenue from property management services in the foreseeable future.

The following table sets forth a breakdown of our total GFA under management as of the dates indicated, and revenue from our property management services for the years indicated, by fee model:

	As of or for the year ended December 31,								
	2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Lump sum basis	9,237	146,523	99.8	12,386	247,408	99.7	22,729	341,250	99.7
Commission basis	209	300	0.2	209	650	0.3	209	1,064	0.3
Total	**9,446**	**146,823**	**100.0**	**12,595**	**248,058**	**100.0**	**22,938**	**342,314**	**100.0**

During the Track Record Period, we derived a majority of our revenue from managing Projects Developed by Zhenro Property Group. In 2017, 2018 and 2019, revenue from property management services provided to Projects Developed by Zhenro Property Group amounted to RMB129.4 million, RMB172.6 million and RMB227.2 million, respectively, accounting for 88.2%, 69.6%, and 66.4%, respectively, of our total revenue derived from property management services for the same periods. In general, the decrease in our percentage of total

revenue from managing Projects Developed by Zhenro Property Group during the Track Record Period was primarily due to our continuous efforts to expand our customer base and manage more Projects Solely Developed by Third-party Property Developers.

The table below sets forth a breakdown of our total GFA under management as of the dates indicated, and revenue from property management services for the years indicated, by type of property developer:

	As of or for the year ended December 31,								
	2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Projects Developed by Zhenro Property Group	7,282	129,438	88.2	9,381	172,642	69.6	10,933	227,245	66.4
Projects Solely Developed by Third-party Property Developers[(1)]	2,164	17,385	11.8	3,214	75,416	30.4	11,607	113,549	33.2
Jointly Developed Projects[(2)]	–	–	–	–	–	–	398	1,520	0.4
Total	**9,446**	**146,823**	**100.0**	**12,595**	**248,058**	**100.0**	**22,938**	**342,314**	**100.0**

Notes:

(1) Include (i) projects solely developed by independent third-party property developers, among which there was a project in 2018, for which we recognized revenue of RMB5.7 million for provision of property management services to the office occupied by Zhenro Group and such office was solely developed by an independent third-party developer; and (ii) the project in 2019, for which we recognized revenue of RMB3.2 million for provision of property management service to other properties developed by an associate of Zhenro Group, which associate was jointly held by Zhenro Group and Independent Third Parties for potential land reclamation. Zhenro Group held 49.51% of interest in such associate.

(2) Refer to projects jointly developed by Zhenro Property Group and other property developers for which Zhenro Property Group did not hold a controlling interest.

During the Track Record Period, a majority of our revenue from property management services was derived from residential properties, which accounted for 79.1%, 68.0% and 64.8%, respectively, of our total revenue from property management services in 2017, 2018 and 2019. The general decrease in the percentage of revenue derived from managing residential properties during the Track Record Period was primarily due to the increase in our total GFA under management for non-residential properties through continuous organic growth and acquisitions.

	As of or for the year ended December 31,								
	2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Residential properties[(1)]	8,654	116,100	79.1	11,385	168,562	68.0	14,642	221,754	64.8
Non-residential properties[(2)]	792	30,723	20.9	1,210	79,496	32.0	8,296	120,560	35.2
Total	**9,446**	**146,823**	**100.0**	**12,595**	**248,058**	**100.0**	**22,938**	**342,314**	**100.0**

Notes:

(1) In 2017, 2018 and 2019, the proportion of our revenue generated from managing residential Projects Developed by Zhenro Property Group to our total revenue generated from managing residential properties was 97.9%, 92.5% and 86.5%, respectively. The proportion of our revenue generated from managing residential Projects Solely Developed by Third-party Property Developers to our total revenue generated from managing residential properties was 2.1%, 7.5% and 12.8%, respectively, for the same years. The proportion of our revenue generated from managing residential properties of Jointly Developed Projects to our total revenue generated from managing residential properties was nil, nil and 0.7%, respectively, in 2017, 2018 and 2019.

As of December 31, 2017 and 2018 and 2019, the proportion of our GFA under management for residential Projects Developed by Zhenro Property Group to our total GFA under management for residential properties was 83.3%, 80.2% and 73.0%, respectively. The proportion of our GFA under management for residential Projects Solely Developed by Third-party Property Developers to our total GFA under management for residential properties was 16.7%, 19.8% and 24.3%, respectively, as of the same dates. The proportion of our GFA under management for residential properties of Jointly Developed Projects to our total GFA under management for residential properties was nil, nil and 2.7%, respectively, as of December 31, 2017, 2018 and 2019.

(2) In 2017, 2018 and 2019, the proportion of our revenue generated from managing non-residential Projects Developed by Zhenro Property Group to our total revenue generated from managing non-residential properties was 51.3%, 21.0% and 29.3%, respectively. The proportion of our revenue generated from managing non-residential Projects Solely Developed by Third-party Property Developers to our total revenue generated from managing non-residential properties was 48.7%, 79.0% and 70.7%, respectively, for the same years. The proportion of our revenue generated from managing non-residential properties of Jointly Developed Projects to our total revenue generated from managing non-residential properties was nil, nil and nil, respectively, in 2017, 2018 and 2019.

As of December 31, 2017 and 2018 and 2019, the proportion of our GFA under management for non-residential Projects Developed by Zhenro Property Group to our total GFA under management for non-residential properties was 8.8%, 20.7% and 3.0%, respectively. The relatively low proportion of our GFA under management for non-residential Projects Developed by Zhenro Property Group was mainly a result of increased total GFA under our management for non-residential properties following our acquisition of Jiangsu

Aitao in September 2017. The proportion of our GFA under management for non-residential Projects Solely Developed by Third-party Property Developers to our total GFA under management for non-residential properties was 91.2%, 79.3% and 96.9%, respectively, as of the same dates. The proportion of our GFA under management for non-residential properties of Jointly Developed Projects to our total GFA under management for non-residential properties was nil, nil and 0.1%, respectively, as of December 31, 2017, 2018 and 2019.

To facilitate our management, we divide our geographic coverage into four major regions in China, namely, the Yangtze River Delta Region, Western Straits Region, Midwest Region and Bohai Rim Region. The table below sets forth a breakdown of our total GFA under management as of the dates and revenue from property management services for the years indicated by geographic region:

	As of or for the year ended December 31,								
	2017			2018			2019		
	GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.'000	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*	*sq.m.'000*	*RMB'000*	*%*
Yangtze River Delta Region[(1)]	3,500	52,119	35.5	5,268	124,849	50.3	8,529	194,748	56.9
Western Straits Region[(2)]	2,533	45,945	31.3	3,209	61,106	24.6	9,521	75,739	22.1
Midwest Region[(3)]	3,106	44,299	30.2	3,799	53,566	21.6	4,174	62,002	18.1
Bohai Rim Region[(4)]	307	4,460	3.0	319	8,537	3.5	714	9,825	2.9
Total	**9,446**	**146,823**	**100.0**	**12,595**	**248,058**	**100.0**	**22,938**	**342,314**	**100.0**

Notes:

(1) Cities in which we provide property management services to projects in the Yangtze River Delta Region include Shanghai, Nanjing, Suzhou, Hefei, Jiaxing, Taizhou, Chuzhou, Lu'an, Nantong and Wuhu.

(2) Cities in which we provide property management services to projects in the Western Straits Region include Fuzhou, Putian, Pingtan, Nanping, Quanzhou, Sanming and Zhangzhou.

(3) Cities in which we provide property management services to projects in the Midwest Region include Nanchang, Yichun, Changsha, Wuhan, Xi'an, Ganzhou, Suizhou, Xiangyang, Yueyang and Chongqing.

(4) Cities in which we provide property management services to projects in the Bohai Rim Region include Tianjin, Jinan, Xuzhou, Huai'an, Luoyang, Suqian and Zhengzhou.

Revenue from value-added services to non-property owners

We provide value-added services to non-property owners, which are primarily property developers, primarily including (i) sales assistance services which primarily include cleaning, security, maintenance of pre-sale display units and sales offices and visitor management for property developers during their pre-sale activities, (ii) additional tailored services such as temporary security services arranged on a by-order basis, (iii) housing repair services, (iv) preliminary planning and design consultancy services and (v) pre-delivery inspection services.

The increase in our different value-added services to non-property owners is generally in line with our business expansion. The following table sets forth a breakdown of our revenue from value-added services to non-property owners for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales assistance services	88,477	80.2	117,061	78.2	191,400	72.9
Additional tailored services	11,966	10.8	12,266	8.2	37,557	14.3
Housing repair services	7,537	6.8	13,455	9.0	21,746	8.3
Preliminary planning and design consultancy services	853	0.8	4,754	3.2	7,484	2.9
Pre-delivery inspection services	1,519	1.4	2,055	1.4	4,068	1.6
Total	**110,352**	**100.0**	**149,591**	**100.0**	**262,255**	**100.0**

Revenue from community value-added services

We provide community value-added services to property owners and residents of the properties managed by us. Our services primarily consist of (i) car park management, leasing assistance and other services, (ii) home-living services which mainly include services such as cleaning, group purchase, turnkey furnishing, home maintenance and utility fee collection services, and (iii) common area value-added services such as advertising in, and rental of, common areas. The following table sets forth a breakdown of our revenue from community value-added services for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Car park management, leasing assistance and other services	2,187	13.9	26,565	45.3	56,594	50.7
Home-living services	12,677	80.9	29,571	50.4	46,005	41.2
Common area value-added services	819	5.2	2,523	4.3	9,052	8.1
Total	**15,683**	**100.0**	**58,659**	**100.0**	**111,651**	**100.0**

Historical losses

We recorded an accumulated loss of RMB15.8 million as of January 1, 2017, which was primarily attributable to (i) the fact that our total GFA under management was relatively small prior to the Track Record Period, coupled with (ii) the relatively low property management fees charged by us as a result of the relevant PRC regulations and rules on pricing control on the property management industry prior to December 2014, and (iii) the prevailing low property management fees charged by us for the total GFA under management prior to 2015 could not fully cover the staff costs and standard overhead costs incurred. As confirmed by CIA, due to the relatively low awareness and demand for property management services in the PRC market and the relevant PRC regulations and rules on pricing control for property management business prior to December 2014 i.e. before the new pricing control policies for property management business "the Circular of NDRC on the Opinions of Liberalizing Price Controls in Certain Services (國家發展和改革委員會關於放開部分服務價格意見的通知)" came into place, we had charged the properties under our management at relatively low property management fee rates which was in line with the then prevailing fee rate charged by our industry peers. Our property management fee was approximately RMB1.33 per sq.m./month on average for 2014. We were able to turn our business around starting from 2015 and recognized net profit in 2015 and 2016 as a result of (i) the increase in revenue from property management services due to the higher average property management fee charged by us from RMB1.45 per sq.m./month on average for 2015 to RMB1.76 per sq.m./month on average for 2016, since the Circular of NDRC on the Opinions of Liberalizing Price Controls in Certain Services came into effect in December 2014, and the increase in total GFA under management from 3.5 million sq.m. as of December 31, 2015 to 5.4 million sq.m. as of December 31, 2016 due to the significant growth of residential property development business of Zhenro Property Group; and (ii) the increase in revenue from value-added services to non-property owners due to the increase in demand by Zhenro Property Group which had more projects under development and sales. As a result, our net profits recognized in 2015 and 2016 would offset part of the accumulated losses brought forward in prior years and resulted in the accumulated loss of RMB15.8 million as of January 1, 2017.

Cost of Sales

Our cost of sales primarily consists of (i) labor costs, (ii) subcontracting costs, (iii) utility costs, (iv) costs for maintenance of public facilities, (v) office expenses and (vi) others which mainly include costs for purchasing materials used in our repair and maintenance services.

The following table sets forth a breakdown of the components of our cost of sales for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Labor costs	147,489	72.8	222,512	66.4	278,286	59.0
Subcontracting costs	27,821	13.7	55,089	16.4	107,878	22.9
Utility costs	5,177	2.6	18,702	5.6	23,776	5.0
Costs for maintenance of public facilities	10,028	5.0	12,601	3.8	29,139	6.2
Office expenses	8,563	4.2	18,478	5.5	19,825	4.2
Others	3,461	1.7	7,943	2.3	12,827	2.7
Total	**202,539**	**100.0**	**335,325**	**100.0**	**471,731**	**100.0**

During the Track Record Period, the main components of our cost of sales were labor costs and subcontracting costs. The increase in our labor costs during the Track Record Period was mainly due to the increase in the average employee salary. Subcontracting costs mainly include the fees incurred for the services outsourced to subcontractors, such as security, cleaning, landscaping, as well as repairs and maintenance. The increase in subcontracting costs during the Track Record Period was mainly due to (i) the increase in our GFA under management primarily resulting from the expansion of our property management service business and (ii) the increase in the amount and proportion of services that we outsourced to qualified subcontractors as a result of our cost control measures.

As we operate and provide services in the property management industry, which is labor-intensive and do not involve significant fixed assets for the service provision, our cost of sales during the Track Record Period only consisted of immaterial depreciation and amortization expenses, which accounted for less than 0.5% of our total costs of sales for each of the years during the Track Record Period. We therefore consider substantially all of our cost of sales for the Track Record Period were direct and variable costs and would generally increase as a result of an increase in the Group's total GFA under management and number of projects. For illustrative purposes only, assuming 5% increase in our depreciation and amortization expenses during the Track Record Period, while keeping all other factors unchanged, our gross profit margin would be reduced by approximately 0.01% for each of the years ended December 31, 2017, 2018 and 2019 as a result.

For illustrative purposes only, we set out below a sensitivity analysis of our cost of sales, as well as profit and total comprehensive income for the years indicated with reference to the fluctuation of labor costs and subcontracting costs during the Track Record Period. The following table demonstrates the impact of the hypothetical increase in labor costs and subcontracting costs on our cost of sales, as well as profit and total comprehensive income, while all other factors remain unchanged:

	For the year ended December 31,		
	2017	**2018**	**2019**
		RMB'000	
Profit and total comprehensive income for the year. .	20,297	39,524	109,160
Assuming 5% increase in our aggregate of labor costs and subcontracting costs			
Increase/(decrease) in cost of sales	8,766	13,880	19,308
Increase/(decrease) in profit and total comprehensive income for the year.	(6,574)	(10,410)	(14,481)
Assuming 10% increase in our aggregate of labor costs and subcontracting costs			
Increase/(decrease) in cost of sales	17,531	27,760	38,616
Increase/(decrease) in profit and total comprehensive income for the year.	(13,148)	(20,820)	(28,962)

The following table sets forth the breakdown of our cost of sales by business line for the years indicated:

	For the year ended December 31,					
	2017		**2018**		**2019**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	116,878	57.7	198,564	59.2	263,228	55.8
Value-added services to non-property owners	76,722	37.9	103,795	31.0	171,837	36.4
Community value-added services . . .	8,939	4.4	32,966	9.8	36,666	7.8
Total.	**202,539**	**100.0**	**335,325**	**100.0**	**471,731**	**100.0**

Gross Profit and Gross Profit Margin

Our overall gross profit margin in 2017, 2018 and 2019 was 25.8%, 26.5% and 34.1%, respectively. Our overall gross profit margins are affected by the gross profit margin for each of our business lines as well as fluctuations in our business mix. Our gross profit margin experienced an upward trend during the Track Record Period, primarily reflecting greater economies of scale, the growth of our community value-added services and the implementation of our cost control measures. Our gross profit margin increased from 2018 to 2019, primarily due to the increase in contribution to gross profit from community value-added services which recorded higher gross profit margin than the other two business lines during the Track Record Period. We have taken various cost-saving measures to control our costs, primarily including employing technological solutions to replace manual labor and control labor costs and standardizing our procedures for various services.

The following table sets forth our gross profit and gross profit margin by business line for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	29,945	20.4	49,494	20.0	79,086	23.1
Value-added services to non-property owners	33,630	30.5	45,796	30.6	90,418	34.5
Community value-added services	6,744	43.0	25,693	43.8	74,985	67.2
Total gross profit/overall gross profit margin	**70,319**	**25.8**	**120,983**	**26.5**	**244,489**	**34.1**

Property management services

Gross profit margin for our property management services is largely affected by the consolidated effect of the average fee per sq.m. per month we charge for our property management services and our cost of sales per sq.m. per period (which is usually charged on a monthly basis) for providing such services. The average property management fees that we charge for property management services amounted to approximately RMB2.27 per sq.m. per month, RMB2.22 per sq.m. per month and RMB2.14 per sq.m. per month in 2017, 2018 and 2019, respectively. Our gross profit margin for property management services decreased slightly from 20.4% in 2017 to 20.0% in 2018. The gross profit margin for this business line increased from 20.0% in 2018 to 23.1% in 2019, primarily attributable to greater economies of

scale and our implementation of cost control measures, such as outsourcing of certain labor-intensive services, employing technological solutions to control labor costs and standardizing our operational procedures in relation to our various services.

The following table sets forth our gross profit and gross profit margin from property management services by type of property developer for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Projects Developed by Zhenro Property Group	26,537	20.5	34,760	20.1	52,863	23.3
Projects Solely Developed by Third-party Property Developers[(1)]	3,408	19.6	14,734	19.5	25,872	22.8
Jointly Developed Projects[(2)]	–	–	–	–	351	23.1
Total gross profit/overall gross profit margin	**29,945**	**20.4**	**49,494**	**20.0**	**79,086**	**23.1**

Notes:

(1) Include (i) projects solely developed by independent third-party property developers, among which there was a project in 2018, for which we recognized revenue of RMB5.7 million for provision of property management services to the office occupied by Zhenro Group and such office was solely developed by an independent third-party developer; and (ii) the project in 2019, for which we recognized revenue of RMB3.2 million for provision of property management service to other properties developed by an associate of Zhenro Group, which associate was jointly held by Zhenro Group and Independent Third Parties for potential land reclamation. Zhenro Group held 49.51% of interest in such associate.

(2) Refer to projects jointly developed by Zhenro Property Group and other property developers for which Zhenro Property Group did not hold a controlling interest.

Our gross profit for property management services increased during the Track Record Period. Our gross profit margin for property management services related to Projects Developed by Zhenro Property Group remained relatively stable in 2017 and 2018, and increased to 23.4% in 2019, primarily due to an increase in GFA under our management for Projects Developed by Zhenro Property Group mainly in the Western Straits Region and Yangtze River Delta Region. Our gross profit margin for property management services related to Projects Solely Developed by Third-party Property Developers decreased slightly from 19.6% for 2017 to 19.5% for 2018, primarily because we priced our services competitively to expand our services to Third-party Property Developers to gain more market share. Our gross profit margin for property management services related to Projects Solely Developed by

Third-party Property Developers increased from 19.5% in 2018 to 22.8% in 2019, primarily due to our expanded business scale and increased adoption of technological solutions to reduce labor costs for our property management services. We also managed Jointly Developed Projects in 2019, which enjoyed a gross profit margin of approximately 23.1%.

The table below sets forth our average property management fee for property management services by property developer for the years indicated:

	For the year ended December 31,		
	2017	**2018**	**2019**
	RMB per sq.m. per month		
Projects Developed by Zhenro Property Group	2.09	2.21	2.47
Projects Solely Developed by Third-party Property Developers[(1)]	2.91	2.25	1.72
Jointly Developed Projects[(2)]	–	–	2.38
Overall average property management fee	**2.27**	**2.22**	**2.14**

Notes:

(1) Include (i) projects solely developed by independent third-party property developers, among which there was a project in 2018, for which we recognized revenue of RMB5.7 million for provision of property management services to the office occupied by Zhenro Group and such office was solely developed by an independent third-party developer; and (ii) the project in 2019, for which we recognized revenue of RMB3.2 million for provision of property management service to other properties developed by an associate of Zhenro Group, which associate was jointly held by Zhenro Group and Independent Third Parties for potential land reclamation. Zhenro Group held 49.51% of interest in such associate.

(2) Refer to projects jointly developed by Zhenro Property Group and other property developers for which Zhenro Property Group did not hold a controlling interest.

The increase in the average property management fee for property management services charged on Projects Developed by Zhenro Property Group during the Track Record Period was primarily due to the fact that we were able to charge higher property management fees for our services to certain new properties delivered for our management in 2018 and 2019 given our well-established track record and enhanced brand name and also due to the fact that certain office buildings under our management in 2018 and 2019 were located in prime locations in first- and second-tier cities such as Shanghai. The decrease in the average property management fee charged on Projects Solely Developed by Third-party Property Developers from 2017 to 2018 was primarily due to our continuous efforts in diversifying our income source by providing services to new third-party property developers at competitive prices. The average property management fee charged on projects solely developed by independent third-party property developers decreased in 2019 as compared to 2018 primarily due to the fact that certain new projects under our management were of relatively new property type for us, such as industrial parks, but were located in third- and fourth-tier cities where the average property management fees were relatively low as compared to those of other properties in our

project portfolio. The average property management fees charged on Projects Developed by Zhenro Property Group were lower than those charged on Projects Solely Developed by Third-party Property Developers in 2017 and 2018, primarily because a substantial portion of Projects Solely Developed by Third-party Property Developers were non-residential properties with relatively higher average property management fees as compared to residential properties. We also managed Jointly Developed Projects in 2019, which had an average property management fee that was on par with the that of the Projects Developed by Zhenro Property Group.

The following table sets forth our gross profit and gross profit margin from property management services by property type for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Residential properties	23,104	19.9	31,521	18.7	48,143	21.7
Non-residential properties	6,841	22.3	17,973	22.6	30,943	25.7
Total gross profit/overall gross profit margin	**29,945**	**20.4**	**49,494**	**20.0**	**79,086**	**23.1**

The table below sets forth the range of monthly property management fees charged for Projects Developed by Zhenro Property Group, Projects Solely Developed by Third-party Property Developers and Jointly Developed Projects during the Track Record Period by property type:

	Projects Developed by Zhenro Property Group	Projects Solely Developed by Third-party Property Developers	Jointly Developed Projects
	RMB per sq.m. per month		
Residential properties	0.82–4.44	0.54–2.65	1.71-3.36
Non-residential properties[(1)]	14.16–52.60	0.11–22.73	–

Note:

(1) Non-residential properties include commercial properties and public properties, among others.

The table below sets forth the range of property management fees charged for commercial properties and public projects developed by Zhenro Property Group, Projects Solely Developed by Third-party Property Developers and Jointly Developed Projects during the Track Record Period:

	Projects Developed by Zhenro Property Group	Projects Solely Developed by Third-party Property Developers	Jointly Developed Projects
	RMB per sq.m. per month		
Commercial properties[(1)]	14.16–52.60	0.11–22.73	–
Public properties[(2)]	–	1.05–18.37	–

Notes:

(1) Include office buildings and industrial parks.

(2) Include government and public facilities, as well as schools.

See "Business – Property Management Services – Our Pricing Policy" in this prospectus for further details on our pricing policy.

The table below sets forth a breakdown of our total GFA under management as of the dates indicated, and revenue, gross profit, gross profit margin and average property management fees from property management services for the years indicated, by city tiers and type of property developer:

	As of or for the year ended December 31,														
	2017					2018					2019				
	GFA	Revenue	Gross profit	Gross profit margin	Average property management fees	GFA	Revenue	Gross profit	Gross profit margin	Average property management fees	GFA	Revenue	Gross profit	Gross profit margin	Average property management fees
	sq.m'000	*RMB'000*		*%*	*RMB per sq.m. per month*	*sq.m'000*	*RMB'000*		*%*	*RMB per sq.m. per month*	*sq.m'000*	*RMB'000*		*%*	*RMB per sq.m. per month*
First- and second-tier cities															
Projects Developed by Zhenro Property Group	4,299	73,972	14,479	19.6	2.09	5,492	102,159	19,653	19.2	2.21	6,619	145,361	35,086	24.1	2.71
Projects Solely Developed by Third-party Property Developers	2,129	16,528	3,230	19.5	2.89	2,776	71,905	14,107	19.6	2.42	5,779	97,077	22,991	23.7	2.85
Jointly Developed Projects	–	–	–	–	–	–	–	–	–	–	119	462	91	19.7	1.71
Third- and fourth-tier cities															
Projects Developed by Zhenro Property Group	2,983	55,466	12,058	21.7	2.10	3,889	70,483	15,107	21.4	2.21	4,314	81,884	17,777	21.7	2.13
Projects Solely Developed by Third-party Property Developers	35	857	178	20.8	13.86	438	3,511	627	17.9	1.28	5,828	16,472	2,881	17.5	0.56
Jointly Developed Projects	–	–	–	–	–	–	–	–	–	–	279	1,058	260	24.6	3.06
Total	**9,446**	**146,823**	**29,945**	**20.4**	**2.27**	**12,595**	**248,058**	**49,494**	**20.0**	**2.22**	**22,938**	**342,314**	**79,086**	**23.1**	**2.14**

In respect of projects in first-and second-tier cities, our average property management fees charged for property management services provided to Projects Developed by Zhenro Property Group were generally lower than that of Projects Solely Developed by Third-party Property Developers during the Track Record Period, primarily because (i) the Projects Solely Developed by Third-party Property Developers in the first- and second-tier cities were primarily commercial properties with relatively high average property management fees, and (ii) certain properties of the Projects Developed by Zhenro Property Group in the first- and second-tier cities were older residential communities which had relatively lower average property management fees. Our gross profit margin for property management services provided to Projects Solely Developed by Third-party Property Developers in first-and second-tier cities were generally at similar level to that of Projects Developed by Zhenro Property Group for the same year during the Track Record Period, despite the fact that we had recorded relatively high average property management fees, primarily because the commercial properties under the Projects Solely Developed by Third-party Property Developers in the first-and second-tier cities had relatively high service demand which, in turn, led to relatively high costs to provide such project management services.

During 2019, we started to provide property management to our first Jointly Developed Project in Hefei, which is a second-tier city. Our property management services were priced competitively at approximately RMB1.71 per sq.m. and resulted in relatively low gross profit margin of 19.7% for the year, as compared to that of Projects Developed by Zhenro Property Group and Projects Solely Developed by Third-party Property Developers.

In respect of projects in third-and fourth-tier cities, in 2017, our average property management fee of approximately RMB13.86 per sq.m. for property management services to Projects Solely Developed by Third-party Property Developers was higher than that of Projects Developed by Zhenro Property Group, which was at RMB2.10 per sq.m., primarily because the Project Solely Developed by Third-party Property Developers was for one commercial property with high-quality and tailored service demands and, in turn, had relatively high property management fees. Our gross profit margin of 20.8% for property management services provided to Projects Solely Developed by Third-party Property Developers in 2017 was lower than that of the gross profit margin of 21.7% for Projects Developed by Zhenro Property Group, primarily because the commercial property project developed by third-party property developer had high service quality demands which in turn resulted in relatively high costs to provide such property management services.

In 2018 and 2019, our average property management fees was approximately RMB1.28 per sq.m. and RMB0.56 per sq.m., respectively, for property management services to Projects Solely Developed by Third-party Property Developers for third-and fourth-tier cities. These were lower than that of our average property management fees of approximately RMB2.21 per s.qm. and RMB2.13 per sq.m. for 2018 and 2019, respectively, for property management services to Projects Developed by Zhenro Property Group, primarily because we began to strategically provide property management services to not only residential properties, but new types of non-residential properties, such as industrial parks, developed by third-party property developers at competitive prices in third-and fourth-tier cities, as part of our efforts to further

expand our service scope of different properties and coverage of properties developed by third-party property developers. As a result, our gross profit margin for property management services provided to Projects Solely Developed by Third-party Property Developers in third-and fourth-tier cities was lower than that of Projects Developed by Zhenro Property Group for 2018 and 2019.

During 2019, we have provided property management services to certain Jointly Developed Projects that were high-end residential communities located in Suzhou, which is a third-tier city, with relatively high average property management fee of approximately RMB3.06 per sq.m. Accordingly, our gross profit margin of 24.6% for property management services provided to Jointly Developed Projects in third-and fourth-tier cities was higher than that of Projects Developed by Zhenro Property Group and Projects Solely Developed by Third-party Property Developers.

In 2017 and 2018, our gross profit margins of Projects Developed by Zhenro Property Group in the first- and second-tier cities were approximately 19.6% and 19.2%, respectively, which were lower than those in the third- and fourth-tier cities (approximately 21.7% and 21.4%, respectively), primarily because (i) some of our projects in the first- and second-tier cities were old residential communities which were charged at relatively low average property management fees and (ii) our labor cost for providing property management services for projects in first- and second-tier cities was generally higher than that of the third- and fourth-tier cities. Notwithstanding the foregoing, our gross profit margin of Projects Developed by Zhenro Property Group in the first- and second tier cities increased from 19.2% in 2018 to 24.1% in 2019, primarily due to the facts that (i) a number of new and high-quality commercial property and residential properties developed by Zhenro Property Group in first- and second-tier cities were delivered to us for management which were charged at a relatively high average property management fees and (ii) the implementation of cost control measures for our operations, such as outsourcing of certain labor-intensive services, employing technological solutions to control labor costs and standardizing our operational procedures in relation to our various services.

In 2017, our average property management fees and gross profit margin of Projects Solely Developed by Third Party Property Developers in the third- and fourth-tier cities were RMB13.86 per sq.m. per month and 20.8%, respectively, both of which were higher than those in the first- and second-tier cities which were RMB2.89 per sq.m. per month and 19.5%, respectively. These are primarily because Project Solely Developed by Third-party Property Developers in the third- and fourth-tier cities for 2017 included one commercial property with high-quality and tailored service demands and, in turn, had relatively high property management fees, which contributed to a relatively high gross profit margin. In 2019, our average property management fees and our gross profit margin of Projects Solely Developed by Third Party Property Developers in the first- and second-tier cities were RMB2.85 per sq.m. per month and 23.7%, respectively, which were higher than those of the same in 2018,

primarily due to (i) the addition of certain non-residential projects in Nanjing, a second-tier city, which were charged with relatively high property management fees and were mainly acquired through our acquisition of Jiangsu Sutie and (ii) our cost control measures mentioned above.

Value-added services to non-property owners

Gross profit margin for our value-added services to non-property owners was 30.5%, 30.6% and 34.5%, respectively, in 2017, 2018 and 2019. The gross profit margin for our value-added services to non-property owners was relatively stable from 2017 and 2018, and increased to 34.5% in 2019 primarily due to the increase in our business scale and our continued efforts to reduce costs and improve operation efficiency.

Community value-added services

Our gross profit from community value-added services increased significantly from RMB6.7 million in 2017 to RMB25.7 million for 2018, and further to RMB75.0 million for 2019, which was primarily due to the continuous increases in the revenue from community value-added services during the Track Record Period. Gross profit margin for our community value-added services was 43.0%, 43.8% and 67.2%, respectively, for 2017, 2018 and 2019. The gross profit margins for our community value-added services are higher than those for the other two business lines, primarily because community value-added services, such as car parks management, leasing assistance and other services and common area value-added services, are generally less labor-intensive than property management services and value-added services to non-property owners and therefore have lower costs. Our gross profit margin for community value-added services remained relatively stable from 2017 to 2018. Our gross profit margin for community value-added services increased from 43.8% for 2018 to 67.2% for 2019, primarily due to: (i) an increase in revenue from our car park management, leasing assistance and other services due to our business expansion, as we launched car park leasing assistance service in the Western Straits Region in the second half of 2018 and started to receive increased revenue in 2019, and also due to the fact that we stepped up our marketing efforts to promote such services and provided them to more residents at the communities (other than the ones located in the Western Straits Region) that were under our management in 2019; (ii) we provided more home-living services in 2019, such as home maintenance services and group purchases, as more residents used our quality and convenient services to help with their lifestyle needs; (iii) we utilized more GFA in the common area at the communities under our management, such as door entrances, open spaces and basements, for advertising and/or rental purposes for our common area value-added services in 2019; (iv) we optimized our cost structure for community value-added services by, in part, using well-developed software systems for operational management instead of developing such software systems on our own; and (v) we realized economies of scale due to our overall increased business scale as a result of items (i) to (iii) as stated above.

Other Income and Gains

Our other income and gains primarily consist of (i) rental income of RMB2.6 million in 2019 we generated from the car parks at a commercial building we acquired through Jiangsu Sutie in 2019; (ii) interest income; (iii) non-recurring government grants, which mainly comprised of government subsidies to support local corporate and economic development and to encourage our effort of stabilizing employment and providing high standard property management services; and (iv) others. Others mainly included (i) fair value gain on investment properties which we recognized for increased value of the car parks at the commercial building we acquired through Jiangsu Sutie in 2019, (ii) income from preferential tax policies introduced in 2019 for, among others, property management industry, which allowed us to record increases in tax deductions as other income, and (iii) income from fees charged on property owners and residents for their violations of agreed terms regarding conducting renovation work at properties under our management.

The following table sets forth a breakdown of our other income and gains for the years indicated:

	For the year ended December 31,		
	2017	**2018**	**2019**
		RMB'000	
Rental income	–	–	2,615
Government grants	156	2,701	1,522
Interest income	384	641	976
Fair value gain on investment properties	–	–	700
Others	173	180	501
Total	**713**	**3,522**	**6,314**

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, (ii) office expenses, (iii) listing expenses, (iv) depreciation and amortization, (v) consulting service expenses in relation to tender process, (vi) sales tax and surcharges, (vii) marketing and promotion expenses and (viii) others which mainly relate to the expenses incurred for employee activities and repairs and maintenance. In 2017, 2018 and 2019, we recorded administrative expenses of RMB41.1 million, RMB68.6 million and RMB96.5 million, respectively. The increase in our administrative expenses during the Track Record Period was in line with our business expansion.

The table below sets forth a breakdown of our administrative expenses for the years indicated:

	For the year ended December 31,					
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff costs	27,539	67.1	46,701	68.0	50,445	52.3
Office expenses	4,823	11.7	6,911	10.1	10,864	11.2
Listing expenses	–	–	–	–	11,505	11.9
Depreciation and amortization	682	1.7	1,554	2.3	6,982	7.2
Consulting service expenses	4,120	10.0	4,337	6.3	7,655	7.9
Sales tax and surcharges	1,455	3.5	2,262	3.3	3,930	4.1
Marketing and promotion expenses	910	2.2	2,876	4.2	2,565	2.7
Others	1,564	3.8	3,986	5.8	2,589	2.7
Total	**41,093**	**100.0**	**68,627**	**100.0**	**96,535**	**100.0**

Impairment Losses on Financial Assets, Net

Our net impairment losses of financial assets primarily are provisions for losses arising from potential bad debts in respect of our trade receivables and other receivables in the ordinary course of business. In 2017, 2018 and 2019, we recorded impairment losses on financial assets of RMB2.2 million, RMB2.5 million and RMB4.6 million, respectively, generally corresponding to the increase in trade receivables which are typically subject to seasonal fluctuations. See "Risk Factors — Risks Relating to Our Business and Industry — The collection of our trade receivables is subject to seasonal fluctuations" for further discussion.

Finance Costs, Net

Our net finance costs mainly include interest expense on our bank and other borrowings. In 2017, 2018 and 2019, our net finance costs amounted to RMB39,000, RMB52,000 and RMB3.0 million, respectively.

The following table sets forth a breakdown of our net finance costs for the years indicated:

	For the year ended December 31,		
	2017	**2018**	**2019**
		RMB'000	
Interest on bank and other borrowings	44,250	47,292	71,795
Interest expense on lease liabilities	39	52	595
Less: Interests charged to a related company controlled by our Controlling Shareholder	(44,250)	(47,292)	(69,417)
Total	**39**	**52**	**2,973**

The increase in our net finance costs was primarily attributable to the increased interests incurred for our interest-bearing bank and other borrowings during the Track Record Period and the increased interest expenses on lease liabilities in 2019 relating to an office premise we rented in Shanghai. See "— Indebtedness — Other Borrowings" and "— Related Party Transactions" in this prospectus for further discussion on interest charged to the related party.

Share of Loss of an Associate

Share of loss of an associate represents the losses we shared from our investment in Nanjing Aitao during the Track Record Period. Nanjing Aitao is a company primarily engaging in property management services in Nanjing.

Income Tax Expenses

Income tax expenses consist of current and deferred taxes payable in the PRC by our Company and our subsidiaries.

The following table sets forth a breakdown of the income tax expenses for the years indicated:

	For the year ended December 31,		
	2017	2018	2019
		RMB'000	
Current tax			
Current income tax	9,556	14,152	42,195
Deferred tax			
Charged to profit or loss	(2,150)	(410)	(4,873)
Total	**7,406**	**13,742**	**37,322**

In 2017, 2018 and 2019, our effective income tax rates, calculated as income tax expenses divided by profit before tax, were approximately 26.7%, 25.8% and 25.5%, respectively. These effective income tax rates are slightly higher than the PRC statutory corporate income tax rate of 25.0%, primarily due to the decrease in proportion of certain non-tax-deductible expenses, such as certain advertising expenses and business development expenses, which were the bases for our total income tax expenses during the Track Record Period.

We make our annual tax filings in accordance with the EIT Law, which provides that the annual tax filings for the year (the "EIT Annual Tax Filing") is made and any final tax payment is settled within the first five months after the end of that year. We had current income tax expenses in the amount of RMB9.6 million, RMB14.2 million and RMB42.2 million for the same years, respectively, totaling to an amount of approximately RMB65.9 million. The differences between the tax payments and the current income tax expenses were mainly due to the tax adjustments that we made in relation to (i) the interest from a trust financing arrangement relating to Zhenro Group and (ii) the timing difference in tax computation for 2017 and 2018. With respect to (i), we made tax adjustments in relation to interest income we received from Zhenro Group for the same amount of interest expense paid by us for a trust financing arrangement. See "— Indebtedness — Bank and Other Borrowings — Other Borrowings" in this section for more details on the trust financing arrangement. We had previously recorded such interest income amount as a payable to Zhenro Group, and had not recognized it as taxable income in our tax filings. We proactively consulted with the relevant PRC tax authority and made an one-off tax adjustment in the amount of RMB11.1 million in relation to the above in our EIT Annual Tax Filing for 2018. We have made the final tax payment based on the EIT Annual Tax Filing for 2018 in full in 2019.

With respect to (ii), we had tax differences for 2017 and 2018 that mainly resulted from the timing difference in tax computation. Before the adoption of the Accrual Basis (as defined below) for tax computation in the preparation of our EIT Annual Tax Filing for 2019 discussed

below, we calculated taxes based on the amounts of property management fees we received and relevant expenses that we had paid (the "Cash Basis"). We used the Cash Basis in tax computation because it would be practically convenient to provide relevant documentary evidence to the relevant tax authorities if requested. Pursuant to the relevant PRC requirements, accounts to be filed for income tax computation purpose should be, in principle, determined based on when the revenue of delivery of goods or rendering of services to customer is earned (the "Accrual Basis"), regardless of the timing of payment or collections; and for value-added tax computation purpose, it should be determined on the basis of the occurrence of the taxable activities and the earlier of payments being received by us or us having achieved the basis upon which we would be entitled to such payments. We identified this issue in preparing our consolidated financial statement for the Listing and adopted the Accrual Basis in preparing our EIT Annual Tax Filing for 2019, when we also filed for corresponding tax adjustments for 2017 and 2018. Accordingly, we applied for a total tax adjustment of approximately 7.4 million in respect of the timing difference in tax computation of 2017, 2018 and 2019 in our EIT Annual Tax Filing for 2019.

Based on our EIT Annual Tax Filing for 2019, we made a final tax payment for 2019 in the amount of approximately RMB40.9 million, which we had fully settled in April 2020. Excluding our final tax payment for income tax for 2016 in the amount of approximately RMB3.3 million, which was paid by us in 2017, we have paid a total amount of approximately RMB67.3 million and it would fully cover our total current income tax expenses of RMB65.9 million for the Track Record Period. We had no tax payment outstanding for the Track Record Period as of the date of this prospectus. Considering that (i) as confirmed by our Directors, we have adopted the Accrual Basis for tax computation in EIT Annual Tax Filings starting from our EIT Annual Tax Filing for 2019; (ii) we have made the relevant adjustments for the above-mentioned tax filing matters and that no tax payment was outstanding; (iii) no provisions are required in our consolidated financial statements after making the tax payments based on the relevant EIT Annual Tax Filings; (iv) we have obtained the confirmation letters from the relevant tax authorities which, as advised by our PRC Legal Advisors, Commerce & Finance Law Offices, are the competent authorities to issue such confirmation letters, confirming that there was no tax payment amount outstanding for the Track Record Period and/or that no tax penalty has been imposed on us in relation to the above-mentioned tax filing matters; (v) the fact that our Directors have confirmed that, as of the Latest Practicable Date, we have not received any tax penalty in relation to the above-mentioned tax filing matters; and (vi) the fact that our Controlling Shareholders have agreed to indemnify us for all claims, costs, expenses, fines and/or penalties (if any) and losses incurred as a result of the above-mentioned tax filing matters, we were of the view that the tax filing matters discussed above were not material issues and would not have a material impact on our business, financial performance and results of operations.

During the Track Record Period and up to the Latest Practicable Date, we had paid all applicable taxes, were not subject to any investigation or inquiry by the relevant tax authorities and there were no matters in dispute or unresolved with any tax authorities.

RESULTS OF OPERATIONS

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our total revenue increased by 57.0% to RMB716.2 million in 2019 from RMB456.3 million in 2018, primarily due to our overall business growth.

- *Property management services.* Our revenue from property management services increased by 38.0% to RMB342.3 million for 2019 from RMB248.1 million in 2018, primarily due to an increase in our total GFA under management from 12.6 million sq.m. as of December 31, 2018 to 22.9 million sq.m. as of December 31, 2019 as a result of our business expansion through organic growth as well as strategic acquisitions, partially offset by a decrease in the average property management fee from RMB2.22 per sq.m. per month in 2018 to RMB2.14 per sq.m. per month in 2019, mainly due to the fact that certain new projects under our management were non-residential properties located in third- and fourth-tier cities where the average property management fees were relatively low than those of other properties in our project portfolio.

- *Value-added services to non-property owners.* Our revenue from value-added services to non-property owners increased by 75.3% to RMB262.3 million in 2019 from RMB149.6 million in 2018, primarily because of the overall business growth, especially the increases in revenue generated from (i) sales assistance services due to the increase in our pre-sales for Project Developed by Zhenro Property Group and (ii) additional tailored services, mainly special repair services for common area, and housing repair services, resulting from increased demand on renovation and repair services at properties under our management.

- *Community value-added services.* Our revenue from community value-added services increased significantly to RMB111.7 million in 2019 from RMB58.7 million in 2018, primarily due to our overall business expansion, in particular because of the increases in the revenue derived from (i) our car park management, leasing assistance and other services as a result of our continued business expansion since we launched car park leasing assistance service in the Western Straits Region in the second half of 2018 and (ii) home-living services such as group purchases services, resulting from our enhanced business development efforts.

Cost of sales

Our total cost of sales increased by 40.7% to RMB471.7 million in 2019 from RMB335.3 million in 2018, primarily due to the increases in (i) labor cost as a result of our business scale-up and (ii) subcontracting costs as we continued to subcontract certain services to third

parties to optimize our cost efficiency. Our cost of sales increased at a rate slower than our revenue, primarily due to economies of scale and our efforts to control costs by further utilizing our information technology system.

Gross profit and gross profit margin

As a result of the foregoing, our total gross profit increased significantly to RMB244.5 million in 2019 from RMB121.0 million in 2018, primarily due to our continued business expansion. Our gross profit margin increased to 34.1% in 2019 from 26.5% in 2018, primarily reflecting economies of scales, the implementation of our cost control measures and the increased revenue contribution from our community value-added services which have relatively high gross profit margin as compared to the other two business lines.

- *Property management services.* Our gross profit for property management services increased by 59.8% to RMB79.1 million in 2019 from RMB49.5 million in 2018. Gross profit margin for property management services improved to 23.1% in 2019 from 20.0% in 2018, primarily due to economies of scale and effective cost control measures, such as outsourcing labor-intensive services, further adopting technological solutions to control labor costs and standardizing procedures to streamline our operations.

- *Value-added services to non-property owners*. Our gross profit for value-added services to non-property owners increased significantly to RMB90.4 million in 2019 from RMB45.8 million in 2018. Gross profit margin for value-added services to non-property owners increased to 34.5% in 2019 from 30.6% in 2018, primarily due to economies of scale and effective cost control measures.

- *Community value-added services.* Our gross profit for community value-added services increased significantly to RMB75.0 million in 2019 from RMB25.7 million in 2018, with gross profit margin for community value-added services increasing from 43.8% in 2018 to 67.2% in 2019, primarily due to (i) the increase in car park management, leasing assistance and other services we provided as a result of our continued business expansion since we launched car park leasing assistance service in the Western Straits Region in the second half of 2018, and our increased marketing efforts to promote such services, (ii) we provided more home-living services, such as home maintenance services and group purchases in 2019, (iii) we utilized more GFA in the common area at the communities under our management, such as door entrances, parking garages and basements, for advertising and/or rental purposes for our common area value-added services in 2019; (iv) we optimized our cost structure by, in part, using well-developed software systems for operational management for community value-added services, instead of developing such software systems on our own, and (v) we realized economies of scale due to our overall increased business scale.

Other income and gains

Our other income and gains increased to RMB6.3 million in 2019 from RMB3.5 million in 2018, mainly as (i) we generated a rental income of RMB2.6 million from the car parks at a commercial building we acquired through Jiangsu Sutie in 2019, and (ii) the value of such car parks increased according to valuation during the period.

Administrative expenses

Our administrative expenses increased by 40.7% to RMB96.5 million in 2019 from RMB68.6 million in 2018, primarily due to (i) listing expenses incurred in relation to the Global Offering, (ii) an increase in depreciation and amortization, (iii) an increase in consulting service expenses mainly as a result of our enhanced efforts to expand our business, (iv) our staff costs as a result of an increase in the headcount of our administrative staff, reflecting our efforts to retain and attract qualified and experienced personnel, and (v) our increased office expenses corresponding to our business expansion.

Impairment losses of financial assets, net

Our net impairment losses of financial assets increased significantly to RMB4.6 million in 2019 from RMB2.5 million in 2018, primarily due to the continuous increase in our total trade receivables in line with our business growth.

Finance costs, net

Our net finance costs increased significantly to RMB3.0 million in 2019 from RMB0.05 million in 2018, primarily due to the additional interests incurred for our interest-bearing bank and other borrowings and the increased interest expenses on lease liabilities relating to an office premise we rented in Shanghai in the 2019.

Share of loss of an associate

Our share of loss of an associate amounted to RMB0.2 million and RMB0.1 million for 2019 and 2018, respectively, mainly relating to losses resulting from the acquisition of our associate, Nanjing Aitao.

Income tax expenses

Our income tax expenses increased significantly to RMB37.3 million in 2019 from RMB13.7 million for 2018, primarily due to our increased profit before tax.

Profit for the year

As a result of the foregoing, our profit for the year increased significantly to RMB109.2 million in 2019 from RMB39.5 million in 2018.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Revenue

Our revenue increased by 67.2% to RMB456.3 million in 2018 from RMB272.9 million in 2017, primarily due to an increase in revenue from property management services and to a lesser extent, increases in revenue from value-added services to non-property owners and community value-added services.

- *Property management services.* Our revenue from property management services increased by 69.0% to RMB248.1 million in 2018 from RMB146.8 million in 2017, primarily due to an increase in our total GFA under management from 9.4 million sq.m. as of December 31, 2017 to 12.6 million sq.m. as of December 31, 2018 as a result of our business expansion through organic growth as well as strategic acquisitions. Our average property management fee remained stable at RMB2.27 per sq.m. per month for 2017 and 2018.

- *Value-added services to non-property owners.* Our revenue from value-added services to non-property owners increased by 35.6% to RMB149.6 million in 2018 from RMB110.4 million in 2017, primarily due to (i) an increase in sales assistance services in relation to increased Projects Develop by Zhenro Property Group which were ready to sell and (ii) an increase in housing repair services primarily due to an increase in demand from property developers for repair services of their newly-completed residential and non-residential properties after delivery.

- *Community value-added services.* Our revenue from community value-added services increased significantly to RMB58.7 million in 2018 from RMB15.7 million in 2017, primarily due to the overall growth in such segment, mainly reflecting (i) an increase in car park management, leasing assistance and other services mainly due to the introduction of leasing assistance and other services to projects in the Western Straits Region in the second half of 2018 and (ii) an increase in home-living services as a result of our efforts to expand the type of certain services, such as cleaning, turnkey furnish and home maintenance.

Cost of Sales

Our cost of sales increased by 65.6% to RMB335.3 million in 2018 from RMB202.5 million in 2017, primarily due to (i) the increase in our labor costs as a result of the increase in the general increase in the salary of our staff, and (ii) efforts to subcontract certain services. Our cost of sales increased at a rate slower than our revenue, primarily due to economies of scale and by further adopting technological solutions to reduce manual labor.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 72.0% to RMB121.0 million in 2018 from RMB70.3 million in 2017. Our gross profit margin increased to 26.5% for the year ended December 31, 2018 from 25.8% for the year ended December 31, 2017.

- *Property management services.* Our gross profit from property management services increased significantly to RMB49.5 million in 2018 from RMB29.9 million in 2017, primarily due to economies of scale. Our gross profit margin for our property management services remained relatively stable at 20.4% and 20.0% in 2017 and 2018, respectively.

- *Value-added services to non-property owners.* Our gross profit from value-added services to non-property owners increased by 36.2% to RMB45.8 million in 2018 from RMB33.6 million in 2017. Our gross profit margin for value-added services to non-property owners remained stable in 2017 and 2018.

- *Community value-added services.* Our gross profit from community value-added services increased significantly to RMB25.7 million in 2018 from RMB6.7 million in 2017. Our gross profit margin for community value-added services remained relatively stable at 43.0% and 43.8% in 2017 and 2018, respectively.

Other income and gains

Our other income and gains increased significantly to RMB3.5 million in 2018 from RMB0.7 million in 2017 primarily due to a government grant of approximately RMB2.5 million to our subsidiary, Zhenro Property Service Co. Ltd. (Nanchang Branch) (正榮物業服務有限公司南昌分公司), in 2018, as part of the local government's policy to promote the property management industry.

Administrative expenses

Our administrative expenses increased by 67.0% to RMB68.6 million in 2018 from RMB41.1 million in 2017, primarily due to the increase in staff costs as a result of increased headcount of our administrative staff, in line with our efforts to retain and attract qualified and experienced personnel during the year.

Impairment losses of financial assets, net

Our net impairment losses of financial assets remained relatively stable at RMB2.5 million and RMB2.2 million in 2018 and 2017, respectively, primarily due to the continuous increase in our total trade receivables during the same years.

Finance costs, net

Our net finance costs increased to RMB52,000 in 2018 from RMB39,000 in 2017 as a result of increased bank and other borrowings.

Share of loss of an associate

Our share of loss of an associate increased to RMB98,000 in 2018 from RMB23,000 in 2017 as a result of an increase in interest expenses on lease liabilities resulting from increased leases.

Income tax expenses

Our income tax expenses increased significantly to RMB13.7 million in 2018 from RMB7.4 million in 2017 as a result of the increase in our profit before tax in 2018.

Profit for the year

As a result of the foregoing, our profit for the year increased significantly to RMB39.5 million in 2018 from RMB20.3 million in 2017.

DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2017	**2018**	**2019**
		RMB'000	
Non-current assets			
Goodwill	19,507	19,507	59,537
Other intangible assets	11,405	11,150	33,046
Investment properties	–	–	21,500
Deferred tax assets	5,580	5,698	9,903
Property, plant and equipment	3,033	4,844	7,604
Rights-of-use assets	713	1,361	8,173
Investment in an associate	469	371	149
Total non-current assets	**40,707**	**42,931**	**139,912**
Current assets			
Due from related companies	534,227	659,300	50,848
Trade receivables	33,029	54,021	88,265
Cash and cash equivalents	101,029	49,843	218,442
Prepayments, deposits and other receivables	18,292	44,998	31,639
Total current assets	**686,577**	**808,162**	**389,194**
Current liabilities			
Other payables and accruals	179,812	224,143	262,261
Interest-bearing bank and other borrowings	–	20,000	3,000
Tax payable	8,492	22,332	40,517
Trade payables	17,149	23,314	48,461
Due to related companies	3,767	3,387	1,520
Lease liabilities	420	789	4,368
Total current liabilities	**209,640**	**293,965**	**360,127**
Non-current liabilities			
Interest-bearing bank and other borrowings	500,000	500,000	17,375
Deferred tax liabilities	2,851	2,559	10,244
Other payables	–	–	7,000
Lease liabilities	297	549	6,300
Total non-current liabilities	**503,148**	**503,108**	**40,919**
Net assets	**14,496**	**54,020**	**128,060**
Equity attributable to owners of our Company			
Reserves	14,496	54,108	111,153
Share capital	–	–	349
Non-controlling interests	–	(88)	16,558
Total equity	**14,496**	**54,020**	**128,060**

Investment Properties

We recorded investment properties in the amount of nil, nil and RMB21.5 million as of December 31, 2017, 2018 and 2019, respectively, primarily due to the acquisition of car parks at a commercial building through Jiangsu Sutie in 2019 based on the property valuation by independent valuer.

Goodwill

We recorded goodwill in the amount of RMB19.5 million, RMB19.5 million and RMB59.5 million as of December 31, 2017, 2018 and 2019, respectively, in connection with our acquisition of Jiangsu Aitao in 2017 and Jiangsu Sutie in 2019. The amount of goodwill reflects (i) the difference between the total acquisition consideration of RMB20.0 million and Jiangsu Aitao's total fair value of identifiable net assets of RMB0.5 million and (ii) the difference between the total acquisition consideration of RMB70.0 million for 70% equity interest in Jiangsu Sutie and the fair value of relevant identifiable net assets of RMB30.0 million. The purchase price of RMB20.0 million for Jiangsu Aitao and RMB70.0 million for Jiangsu Sutie were determined after arm's length negotiations and after taking into account the assets and liabilities and the prospects.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Pursuant to our accounting policy, we perform impairment testing of our goodwill on an annual basis typically by year end. For the purpose of impairment testing, our goodwill related to the acquisitions of subsidiaries acquired during the Track Record Period were regarded as different cash-generating units ("CGUs"). The recoverable amounts of these CGUs have been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period prepared by management, and the pre-tax discount rates applied to the above cash flow projections ranged from 13.9% to 15.00%. For further details on goodwill impairment, please refer to Note 16 of Appendix I to this prospectus.

Our Directors are of the view that the annual revenue growth rate and discount rate are the key assumptions on which CGUs' recoverable amounts are based.

Annual Revenue Growth Rate. The predicted revenue growth rate of CGUs for the five years subsequent to the date of assessment is one of the assumptions used in the value-in-use calculations.

Discount Rate. The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Terminal Growth Rate. The terminal growth rate was estimated to be 3.0% which has taken into consideration of the prevailing industry practice.

The following table sets forth key assumptions that we based on when we conducted cash flow projections for undertaking impairment testing of goodwill as of December 31, 2017, 2018 and 2019:

CGU	Annual revenue growth rate	Discount rate	Terminal growth rate
As of December 31, 2017			
Jiangsu Aitao	5.0% to 7.0%	15.0%	3.0%
As of December 31, 2018			
Jiangsu Aitao	3.0% to 7.0%	14.6%	3.0%
As of December 31, 2019			
Jiangsu Aitao	3.0% to 5.0%	13.9%	3.0%
Jiangsu Sutie	5.0% to 8.0%	14.2%	3.0%

Details of the headroom measured by the excess of the recoverable amount over the carrying amount of respective CGUs as of December 31, 2017, 2018 and 2019 are set out as follows:

	As of December 31,		
	2017	2018	2019
		RMB'000	
Jiangsu Aitao	5,143	12,889	22,589
Jiangsu Sutie	–	–	9,181
	5,143	**12,889**	**31,770**

We have undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth the hypothetical changes to discount rate or annual revenue growth rate that would, in isolation, have removed the remaining headroom respectively as of December 31, 2017, 2018 and 2019:

	Jiangsu Aitao	Jiangsu Sutie
As of December 31, 2017		
Increase in discount rate	2.2%	–
Decrease in annual revenue growth rate	2.6%	–
As of December 31, 2018		
Increase in discount rate	5.1%	–
Decrease in annual revenue growth rate	8.8%	–
As of December 31, 2019		
Increase in discount rate	8.5%	1.3%
Decrease in annual revenue growth rate	11.2%	2.2%

As of the end of each of the years ended December 31, 2017, 2018 and 2019, we considered that there was no reasonably possible change in the key assumptions mentioned above that would cause the carrying amount of each CGU to exceed its recoverable amount. We determined that there was no impairment of any of its CGUs.

We perform goodwill impairment test as of December 31, 2017, 2018 and 2019. As of the Latest Practicable Date, we were not aware of impairment indicator and performed no additional impairment test. Also see "Risk Factors — Risks Relating to Our Business and Industry — We may recognize impairment losses for goodwill recorded in connection with our acquisitions" in this prospectus for discussion on related risks.

Other Intangible Assets

Our other intangible assets primarily consist of customer relationships and software. Our other intangible assets remained relatively stable at RMB11.4 million and RMB11.2 million as of December 31, 2017 and 2018, respectively. Our other intangible assets increased to RMB33.0 million as of December 31, 2019, primarily due to our acquisition of Jiangsu Sutie. Our other intangible assets as a result of the acquisition of Jiangsu Aitao and Jiangsu Sutie during the Track Record Period mainly consisted of customer relationships relating to 16 and 47 independent third-party customers of Jiangsu Sutie and Jiangsu Aitao, respectively. As of December 31, 2017, 2018 and 2019, the value of our customer relationships, net of accumulated amortization, amounted to RMB11.4 million, RMB10.2 million and RMB30.9 million, respectively. See Note 17 in Appendix I to this prospectus.

Deferred Tax Assets

We had deferred tax assets of RMB5.5 million, RMB5.7 million and RMB9.9 million as of December 31, 2017, 2018 and 2019, respectively. We had tax losses of RMB16.3 million, RMB7.7 million and RMB13.0 million as of the same dates, respectively, which consisted of (i) the deferred tax assets that have not been recognized in respect of the tax losses and/or (ii) the deferred tax assets that have been recognized in the respect of the tax losses. We had deferred tax assets that have not been recognized in respect of the tax losses in the amount of RMB2.2 million, nil and nil as of December 31, 2017, 2018 and 2019, respectively, as it was considered not probable that our taxable profits will be available against which the tax losses can be utilized, and the tax losses of RMB2.2 million expired in 2018 due to the statutory five-year limitation for the utilization of tax losses under the relevant PRC tax laws and regulations. See Note 25 to the Accountants' Report included in Appendix I to this prospectus for more details.

Investment in An Associate

Our investment in an associate refers to our 48% equity interest in Nanjing Aitao and amounted to RMB0.5 million, RMB0.4 million and RMB0.1 million as of December 31, 2017, 2018 and 2019, respectively. See Note 18 in Appendix I to this prospectus.

Trade Receivables

The table below sets forth a breakdown of the trade receivables from third parties as of the dates indicated:

	As of December 31,		
	2017	**2018**	**2019**
		RMB'000	
Trade receivables from third parties	35,973	59,002	97,502
Less: allowance for impairment	(2,944)	(4,981)	(9,237)
Net trade receivables	**33,029**	**54,021**	**88,265**

Trade receivables mainly relate to income from provision of property management services under lump sum basis, value-added services to non-property owners and community value-added services from Independent Third Parties. Property management services income under lump sum basis is received in accordance with the terms of the relevant property management service agreements. See "— Related Party Transactions" below in this section for more details on amounts due from related parties, including aging analysis and turnover days of trade receivables from related parties.

The following table sets forth our turnover days of trade receivable from third parties for the years indicated:

	For the year ended December 31,		
	2017	**2018**	**2019**
Average trade receivable turnover days[(1)]	56	56	59

(1) Average trade receivable turnover days for a certain year equals average trade receivables divided by revenue from Independent Third Parties for the year and then multiplied 365 for one-year period. Average trade receivables are calculated as trade receivables as of the beginning of the year plus trade receivables as of the end of the year, divided by two.

Average trade receivables turnover days indicate the average time required for us to collect cash payments from provision of services. Our turnover days of trade receivables from third parties remained relatively stable at 56 days, 56 days and 59 days, respectively, during the Track Record Period.

The following table sets forth an aging analysis of the trade receivables from third parties as of the dates indicated, based on the invoice date and net of allowance for impairment:

	As of December 31,		
	2017	**2018**	**2019**
		RMB'000	
Within one year	30,727	48,494	71,261
Within 90 days	*19,077*	*28,467*	*42,705*
90 to 180 days	*5,687*	*9,466*	*13,689*
180 to 270 days	*3,638*	*5,877*	*8,298*
Over 270 days	*2,325*	*4,684*	*6,569*
One to two years	1,962	5,334	16,030
Two to three years	340	193	974
Total	**33,029**	**54,021**	**88,265**

The table below sets forth the movements in the allowance for impairment of trade receivables from third parties as of the dates indicated:

	As of December 31,		
	2017	**2018**	**2019**
		RMB'000	
As of the beginning of year	875	2,944	4,981
Impairment losses, net	2,069	2,037	4,742
Amount written off as uncollectible	–	–	(486)
As of the end of year	**2,944**	**4,981**	**9,237**

As of May 31, 2020, RMB53.1 million, or 60.2% of our trade receivables as of December 31, 2019 were subsequently settled.

Due from Related Parties

See "— Related Party Transactions" below in this section for more details.

Prepayment, Deposits and Other Receivables

The table below sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2017	**2018**	**2019**
		RMB'000	
Payments on behalf of customers to utility suppliers	3,542	5,739	9,272
Other prepayments	3,905	7,676	8,508
Deposits	2,471	3,068	8,240
Advance to staff	834	1,644	1,996
Other receivables	7,870	27,626	4,227
Subtotal	**18,622**	**45,753**	**32,243**
Impairment	(330)	(755)	(604)
Total	**18,292**	**44,998**	**31,639**

Our prepayments, deposits and other receivables mainly represent (i) payments on behalf of customers to utility suppliers, (ii) other prepayments which mainly include prepayments for utilities and materials used for our services, (iii) deposits made in relation to tender processes, (iv) advance to staff mainly includes the advance we made to our employees for their portion of the social insurance and housing provident fund contributions before such contributions can be deducted from their salaries, and (v) other receivables. See "Business — Property Management Services — Property Management Fees" in this prospectus for more details on the collection of payments that we made on behalf of property owners and residents.

Our prepayment, deposits and other receivables increased significantly from RMB18.3 million as of December 31, 2017 to RMB45.0 million as of December 31, 2018, primarily attributable to (i) an increase in other receivables which included interest-bearing cash advances of RMB20.0 million to two Independent Third Parties, which were suppliers of Zhenro Group. We made such advances to foster benevolent relationships between Zhenro Group and its business partners, after taking into consideration the sufficient working capital and financial resources available to us. The outstanding amount of such advances was fully settled in 2019, and (ii) an increase in other prepayments for utilities and materials for mainly sales assistance services to property developers as a result of more property pre-sales projects contracted to us. Our prepayment, deposits and other receivables decreased to RMB31.6 million as of December 31, 2019, primarily due to the settlement of the above-mentioned cash advances in 2019, partially offset by the increases in prepayments on behalf of customers to utility suppliers, deposits and other prepayments as a result of our business expansion.

As of May 31, 2020, RMB15.5 million, or 48.8% of our prepayment, deposits and other receivables as of December 31, 2019 were subsequently settled.

Trade Payables

Trade payables primarily represent our obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers, including purchases of materials and utilities and purchases from subcontractors. We are typically granted credit terms of one month from suppliers.

The following table sets forth an aging analysis of the trade payables as of the dates indicated, based on the invoice date:

	As of December 31,		
	2017	**2018**	**2019**
		RMB'000	
Within three months	15,408	18,971	46,617
Three to twelve months	1,518	2,981	832
Over one year	223	1,362	1,012
Total	**17,149**	**23,314**	**48,461**

Our trade payables increased by 35.9% from RMB17.1 million as of December 31, 2017 to RMB23.3 million as of December 31, 2018, which further increased significantly to RMB48.5 million as of December 31, 2019, primarily due to the increase in trade payables in relation to property management services provided to Zhenro as a result of the scale-up of our business.

The following table sets forth our average trade payables turnover days for the years indicated:

	For the year ended December 31,		
	2017	**2018**	**2019**
Average trade payables turnover days[(1)]	18	22	28

Note:

(1) Average trade payables turnover days for a year equals average trade payables divided by cost of sales for the year and then multiplied by 365 for a one-year period. Average trade payables are calculated as trade payables as of the beginning of the year plus trade payables as of the end of the year, divided by two.

Our average trade payable turnover days indicate the average time we take to make payments to suppliers, which increased during the Track Record Period but remained within the typical credit terms granted to us.

As of May 31, 2020, RMB36.6 million, or 75.5% of our trade payables as of December 31, 2019 were subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) contract liabilities, (ii) payrolls and welfare payables, (iii) receipts on behalf of community residents for utilities and waste management collected from property owners or residents, (iv) consideration payables in 2019 for acquisition of a subsidiary mainly relating to our acquisition of Jiangsu Sutie, (v) other tax payables which mainly include VAT, (vi) deposits received mainly from subcontractors in relation to their participation in our tender process and (vii) others.

The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2017	**2018**	**2019**
		RMB'000	
Current			
Contract liabilities	63,207	89,301	103,997
Payroll and welfare payables	64,719	73,926	70,865
Receipts on behalf of community residents	35,827	34,831	39,578
Consideration payables for acquisition of a subsidiary	–	–	14,000
Deposits received	3,932	6,839	12,001
Other tax payables	6,853	10,898	6,731
Others	5,274	8,348	15,089
Subtotal	179,812	224,143	262,261
Non-current			
Consideration payables for acquisition of a subsidiary	–	–	7,000
Total	**179,812**	**224,143**	**269,261**

Our other payables and accruals increased from RMB179.8 million as of December 31, 2017 to RMB224.1 million as of December 31, 2018, primarily due to the increases in (i) contract liabilities as a result of the property management fees we received in advance of the performance under the property management service agreements and (ii) payroll and welfare payables for increased salary and bonus payables to our employees in line with our business expansion. Our other payables and accruals increased to RMB269.2 million as of December 31, 2019, primarily due to (i) the increase in consideration payables in 2019 for acquisition of a subsidiary resulting from the outstanding consideration for our acquisition of Jiangsu Sutie, and (ii) the increase in contract liability as a result of the property management fees we received in advance of the performance under the property management service agreements.

As of May 31, 2020, RMB107.1 million, or 39.8% of our other payables and accruals as of December 31, 2019 were subsequently settled.

Interest-Bearing Bank and Other Borrowings

As of December 31, 2017, 2018 and 2019, we had outstanding bank and other borrowings of RMB500.0 million, RMB520.0 million and RMB20.4 million, respectively. See "— Indebtedness" below in this section for further discussions.

CURRENT ASSETS AND CURRENT LIABILITIES

The following table sets out current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000			*(Unaudited)*
Current assets				
Trade receivables	33,029	54,021	88,265	141,390
Due from related companies	534,227	659,300	50,848	89,550
Prepayment, deposits and other receivables	18,292	44,998	31,639	28,081
Cash and cash equivalents	101,029	49,843	218,442	99,334
Total current assets	**686,577**	**808,162**	**389,194**	**358,355**
Current liabilities				
Trade payables	17,149	23,314	48,461	41,742
Other payables and accruals	179,812	224,143	262,261	247,734
Due to related companies	3,767	3,387	1,520	1,081
Interest-bearing bank and other borrowings	–	20,000	3,000	3,000
Tax payable	8,492	22,332	40,517	4,775
Lease liabilities	420	789	4,368	3,169
Total current liabilities	**209,640**	**293,965**	**360,127**	**301,501**
Net current assets	**476,937**	**514,197**	**29,067**	**56,854**

Our net current assets increased by RMB27.8 million from RMB29.1 million as of December 31, 2019 to RMB56.9 million as of April 30, 2020, mainly attributable to (i) a decrease in our tax payables primarily as a result of our EIT Annual Tax Filing for 2019 in April 2020 as disclosed in "— Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income — Income Tax Expenses", (ii) an increase in trade receivables mainly reflecting the seasonal fluctuations in the collection of our trade receivables as property owners and residents typically clear their outstanding property management fee balances toward the end of the year and (iii) an increase in trade-related amounts due from related companies, which was partially offset by a decrease in cash and cash equivalents.

Our net current assets decreased by RMB485.1 million from RMB514.2 million as of December 31, 2018 to RMB29.1 million as of December 31, 2019, mainly attributable to (i) a significant decrease in the amounts due from related companies, primarily as we settled non-trade amounts due from related companies in 2019, and (ii) an increase in our other payables and accruals relating to consideration payables for acquisition of a subsidiary for acquisition of Jiangsu Sutie, which was partially offset by (i) an increase in trade receivables and (ii) an increase in cash and cash equivalents.

Our net current assets increased by RMB37.3 million from RMB476.9 million as of December 31, 2017 to RMB514.2 million as of December 31, 2018, mainly attributable to (i) an increase in trade-related amount due from related companies in line with our business expansion, (ii) an increase in trade receivables and (iii) an increase in prepayments, deposits and other receivables, which was partially offset by (i) a decrease in cash and cash equivalent, (ii) an increase in other payables and accruals, mainly reflecting the increase in contract liabilities, (iii) an increase in interest-bearing bank and other borrowings, and (iv) an increase in tax payables.

LIQUIDITY AND CAPITAL RESOURCES

Our principal use of cash has been for working capital purposes. Our main source of liquidity has been generated from cash flow from operations. In the foreseeable future, we expect cash flow from operations to continue to be our principal source of liquidity and we may use a portion of the proceeds from the Global Offering to finance some of our capital requirements.

Cash Flow

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the years indicated:

	For the year ended December 31,		
	2017	**2018**	**2019**
		RMB'000	
Operating cashflow before changes in working capital	30,925	58,221	161,618
– Changes in working capital	40,704	(4,497)	(9,092)
– Interest (paid)/received and (income tax paid)	(3,167)	329	(27,307)
Net cash inflow from operating activities	68,462	54,053	125,219
Net cash inflow/(outflow) from investing activities	14,715	(76,232)	663,468
Net cash outflow from financing activities	(50,058)	(29,007)	(620,088)
Net increase/(decrease) in cash and cash equivalents	**33,119**	**(51,186)**	**168,599**
Cash and cash equivalents as of the beginning of year	67,910	101,029	49,843
Cash and cash equivalents as of the end of year	**101,029**	**49,843**	**218,442**

Net cash from operating activities

Our cash flow from operating activities primarily reflects (i) profit before tax adjusted for non-cash and non-operating items, (ii) the effects of movements in working capital, (iii) interests received, (iv) interests paid and (v) tax paid.

In 2019, our net cash from operating activities was RMB125.2 million, consisting of cash generated from operations of RMB152.5 million and interests received of RMB1.0 million, partially offset by tax and interest paid of RMB25.9 million and RMB2.4 million, respectively. Operating cash inflow before changes in working capital was RMB161.6 million, primarily attributable to profit before tax of RMB146.5 million. Changes in working capital contributed a cash outflow in the amount of RMB9.1 million, consisting primarily of (i) an increase in trade receivables of RMB35.6 million and (ii) an increase in amounts due from related companies of RMB15.1 million, partially offset by an increase in trade payables of RMB23.4 million.

In 2018, our net cash from operating activities was RMB54.1 million, consisting of cash generated from operations of RMB53.7 million and interests received of RMB0.6 million, partially offset by tax paid of RMB0.3 million. Operating cash inflow before changes in working capital was RMB58.2 million, primarily attributable to profit before tax of RMB53.3 million. Changes in working capital contributed a cash outflow in the amount of RMB4.5 million, consisting primarily of (i) an increase in prepayments, deposits and other receivables of RMB7.1 million, (ii) an increase in amounts due from related companies of RMB25.4 million, and (iii) an increase in trade receivables of RMB23.0 million, partially offset by an increase in other payables and accruals of RMB44.3 million.

In 2017, our net cash from operating activities was RMB68.5 million, consisting of cash generated from operations of RMB71.6 million and interests received of RMB0.4 million, partially offset by tax paid of RMB3.6 million. Operating cash inflow before changes in working capital was RMB30.9 million, primarily attributable to profit before tax of RMB27.7 million. Changes in working capital contributed a cash inflow in the amount of RMB40.7 million, consisting primarily of (i) an increase in other payables and accruals of RMB23.3 million, mainly relating to contract liabilities relating to our property management services, (ii) a decrease in prepayments, deposits and other receivables of RMB18.0 million, and (iii) an increase in trade payables of RMB12.8 million relating to property management services provided to Zhenro, partially offset by (i) an increase in trade receivables of RMB8.5 million and (ii) an increase in amounts due from related companies of RMB5.9 million.

Net cash from/(used in) investing activities

During the Track Record Period, our cash used in investing activities mainly consists of advances to related companies, acquisition of a subsidiary and purchase of items of property, plant and equipment. Our cash from investing activities mainly consists of repayment from related companies and interest income received from a related company.

In 2019, our net cash from investing activities was RMB663.5 million. The net cash inflow was primarily attributable to (i) the repayment from related companies of RMB1,289.4 million mainly as a result of the settlement of certain amounts due from related parties which were non-trade in nature, partially offset by (i) the repayment of advances to related companies of RMB665.8 million. See "— Indebtedness — Bank and Other Borrowings — Other Borrowings" in this section for further details on the Trust Financing Arrangement.

In 2018, our net cash used in investing activities was RMB76.2 million. The net cash outflow primarily reflected advances to related companies of RMB125.1 million, partially offset by (i) interests received from a related company of RMB47.3 million and (ii) repayment from related parties of RMB25.4 million.

In 2017, our net cash from investing activities was RMB14.7 million. The net cash inflow was primarily attributable to interests received from a related company of RMB44.3 million, partially offset by (i) advances to related companies of RMB15.4 million and (ii) an amount of RMB14.9 million paid for acquisition of a subsidiary.

Net cash used in financing activities

In 2019, our net cash used in financing activities was RMB620.1 million, primarily reflecting the repayment of bank and other loans of RMB531.6 million as a result of the settlement of the Trust Financing Arrangement, partially offset by new bank loans of RMB32.0 million.

In 2018, our net cash used in financing activities was RMB29.0 million, primarily reflecting our interest paid in an amount of RMB47.3 million, partially offset by new bank loans of RMB20.0 million.

In 2017, our net cash used in financing activities was RMB50.1 million, primarily reflecting (i) our interest paid in an amount of RMB44.3 million and (ii) repayment to related companies of RMB10.0 million, partially offset by advances from related companies of RMB4.6 million.

WORKING CAPITAL

Our Directors are of the view that, after taking into account the financial resources available to us, including the estimated net proceeds of the Global Offering, available banking facilities to us and our internally generated funds, we have sufficient working capital to satisfy our present requirements for at least the next 12 months following the date of this prospectus.

INDEBTEDNESS

Bank and Other Borrowings

As of December 31, 2017, 2018 and 2019 and April 30, 2020, our total bank and other borrowings amounted to RMB500.0 million, RMB520.0 million, RMB20.4 million and RMB20.0 million, respectively.

The following table sets forth the components of our interest-bearing bank and other borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000			
				(Unaudited)
Current				
Bank loans – secured	–	20,000	1,500	1,500
Bank loans – unsecured	–	–	1,500	1,500
Non-current				
Bank loans				
– secured	–	–	10,000	10,000
– unsecured	–	–	7,375	7,000
Other borrowing – secured	500,000	500,000	–	–
Total	**500,000**	**520,000**	**20,375**	**20,000**

The table below sets forth a repayment schedule of the interest-bearing bank and other borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000			
				(Unaudited)
Repayable within one year	–	20,000	3,000	3,000
Repayable within two to five years	500,000	500,000	17,375	17,000
Total	**500,000**	**520,000**	**20,375**	**20,000**

Bank Borrowings

As of December 31, 2017 and 2018 and 2019, we had bank loans in the amount of nil, RMB20.0 million and RMB20.4 million, respectively. As of April 30, 2020, our bank loan amounted to RMB20.0 million, which carried interest rates of 10% or 19% plus the PBOC benchmark interest rates. As of December 31, 2019, we had a bank loan of RMB11.5 million which is secured by a pledge of the entire equity interest of Jiangsu Aitao, and was originally

guaranteed by, among others, Zhenro Group, and such guarantee had been released. See "Relationship with Controlling Shareholders — Independence from Our Controlling Shareholders — Financial Independence" in this prospectus for more information. Save for the above-mentioned bank loan of RMB11.5 million which was used for the acquisition of Jiangsu Aitao, our other bank borrowings were used for our general business operation and working capital.

Other Borrowings

As of December 31, 2017 and 2018 and 2019 and April 30, 2020, we recorded other borrowing of RMB500.0 million, RMB500.0 million, nil and nil, respectively.

One of our subsidiaries, Zhenro Property Services, entered into a trust financing arrangement with Huaneng Guicheng Trust Co., Ltd. ("Huaneng Trust"), an independent third-party trust company, in December 2016 for a principal amount of RMB500.0 million with an interest rate of 9.0% per annum for a period of 72 months. According to the trust financing arrangement, we and Huaneng Trust can amend the terms of the arrangement based on the agreement between the parties. In November 2018, and Huaneng Trust entered into negotiation and entered into supplemental agreements, which both parties agreed to adjust the interest rate from 9.0% to 14.0% per annum. Accordingly, the trust financing had an interest rate of 9.0% per annum from December 2016 to November 2018 and an interest rate of 14.0% per annum from November 2018 until December 2019, the date on which the trust financing was repaid in full. This amount was pledged by Zhenro Property Services' rights of receiving certain property management fees in future years, a pledge over the entire equity interest of Zhenro Property Services and guaranteed by Mr. ZR Ou, Ms. Lin Shuying and Zhenro Group Company. The Trust Financing Arrangement has ended and loan was repaid in full during 2019. There was no default or breach of the terms of our trust financing arrangement with Huaneng Trust on the part of Zhenro Property Services or us throughout the term of the arrangement. During the Track Record Period and up to the Latest Practicable Date, apart from the Trust Financing Arrangement, there was no other business or employment relationship between us, or any of our shareholders, directors, senior management or associates, and Huaneng Trust. In conjunction with preparation for the Listing, the Trust Financing Arrangement and advance to Zhenro Group was fully repaid for the purpose of enhancing our corporate governance and reduce unnecessary connected transaction.

We advanced the entire amount to our related party, Zhenro Group, in December 2016, and Zhenro Group had repaid the outstanding amount to us in full as of December 31, 2019. As a result of Zhenro Group's efforts to enhance its internal capital management, we entered into three agreements with Zhenro Group regarding our advance to Zhenro Group to set out the terms of the arrangements covering a period of three years from 2017 to 2019. The advance was made for supporting the business operations of Zhenro Group considering the then overall capital management within Zhenro Group and the financial resources available to us. The advance was made under substantially the same material terms of the Trust Financing Arrangement, including that the advance is charged with the same interest rate that the Group

was charged under the Trust Financing Arrangement. The agreements also provide that the payments from Zhenro Group to us are due on quarterly basis and that Zhenro Group is limited to using the funds for its business development and normal operations only.

The above-mentioned advance to Zhenro Group by us involved the lending of money that might not be in compliance with the General Lending Provisions (《貸款通則》), a regulation promulgated by the PBOC in 1996. According to the General Lending Provisions, only financial institutions may legally engage in the business of extending loans, and loans as between companies that are not financial institutions are prohibited. The PBOC may impose penalties on the lender that is not a financial institution in the amount equivalent to one to five times of the income generated (being interests charged) from the loan advancing activities. However, according to the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the "Provisions") promulgated on August 6, 2015 and effective on September 1, 2015, borrowing agreements are valid if extended for the purposes of business operations. PRC courts will support a company's claim for interest in respect of such loans as long as the annual interest rate does not exceed 24%. As confirmed by our Directors, (i) the above-mentioned advance to Zhenro Group by us was for the purposes of business operations of Zhenro Group pursuant to the Trust Financing Arrangement and the interests received were equal to the interests we paid to the trust company from which we borrowed the money during the Track Record Period, and Zhenro Group repaid principal of the advance in full, (ii) we have repaid the amount to the trust company in full, (iii) we did not intend to benefit and had not received any benefit in relation to the above-mentioned advance, and (iv) under normal circumstances, the PBOC seldom imposes administrative penalties pursuant to the General Lending Provisions in practice and we had not received any notice of claim or penalty relating to such advance from any relevant authority. Based on the above, we are advised by our PRC Legal Advisors, under normal circumstances, the possibility that the PBOC would impose a fine in respect of the advance to Zhenro Group by us pursuant to the General Lending Provision is very low.

Our Directors confirm that we did not have any defaults in the payment of trade and non-trade payables or bank and other borrowings during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we did not (i) experience any difficulty in obtaining credit facilities, (ii) experience any withdrawal of banking facilities by a bank or receive any request to make an early repayment, or (iii) default in payment or breach any financial covenants of our bank and other borrowings.

Lease Liabilities

Lease Liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the term of the lease. We recognized lease liabilities in the amount of RMB0.7 million, RMB1.3 million, RMB10.7 million and RMB10.3 million

as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. Our lease liabilities increased from December 31, 2018 to December 31, 2019, primarily due to the office we leased in Shanghai in 2019. See Note 14(b) to the Accountants' Report included in Appendix I to this prospectus for more details.

Commitments and Contingent Liabilities

As of April 30, 2020, being the latest practicable date for the purpose of the indebtedness statement, we were not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, we expected would materially adversely affect our business, financial position or results of operations. As of April 30, 2020, we had a total amount of utilized and unutilized banking facilities of RMB20.0 million and nil, respectively. Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, debt securities, debentures, bank overdrafts, liabilities under acceptances or acceptance credits or hire purchase commitments guarantees or other material contingent liabilities or any covenant in connection therewith as of the latest date for liquidity disclosure, being the latest practicable date for the purpose of the indebtedness statement. As of the same date, we had not guaranteed the indebtedness of any Independent Third Parties. Save as otherwise disclosed above, our Directors confirm that there has been no material change in our indebtedness, capital commitments and contingent liabilities since April 30, 2020 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures represent additions to property, plant and equipment and other intangible assets, such as software. Our total capital expenditures increased significantly from RMB1.6 million in 2017 to RMB3.8 million in 2018, primarily due to addition of properties, plant and equipment associated with the expansion of our business scale. In 2019, our capital expenditure amounted to RMB5.5 million, primarily our purchases of property, plant and equipment, and purchases of certain software relating to our fee collection system, "Rong Wisdom" Service Software and property agency services.

The table below sets forth the amount of capital expenditures incurred during the Track Record Period.

	For the year ended December 31,		
	2017	**2018**	**2019**
		RMB'000	
Additions to properties, plants and equipment	1,624	2,893	3,881
Other intangible assets	–	942	1,607
Total	**1,624**	**3,835**	**5,488**

For the year ending December 31, 2020, our estimated total capital expenditure is approximately RMB60.0 million, respectively, attributable to our purchase and/or upgrade of information technology systems, which we plan to finance through our operating cash flow.

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in the PRC, the availability of financing on terms acceptable to us, technical or other problems in obtaining or installing equipment, changes in the regulatory environment in the PRC and other factors.

OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements as of December 31, 2019, being the date of our most recent financial statement, and as of the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the years indicated:

	As of or for the year ended December 31,		
	2017	2018	2019
Return on equity[(1)] (%)	140.0	73.2	85.2
Return on total assets[(2)] (%)	2.8	4.6	20.6
Current ratios[(3)] (times)	3.3	2.7	1.1
Gearing ratios[(4)] (times)	34.5	9.6	0.16
Non-IFRS measure — Adjusted gearing ratio[(5)] (times)	–	0.37	0.16
Gross profit margin (%)	25.8	26.5	34.1
Net profit margin (%)	7.4	8.7	15.2

Notes:

(1) Equals profit for the year divided by total equity as of the end of that year and multiplied by 100%.

(2) Equals profit for the year divided by total assets as of the end of that year and multiplied by 100%.

(3) Equals current assets divided by current liabilities as of the same date.

(4) Equals total interest-bearing borrowings divided by total equity as of the end of that year.

(5) Equals total interest-bearing borrowings excluding other secured borrowing from the independent third-party trust company, which includes trust financing disclosed under "— Indebtedness — Bank and Other Borrowings — Other Borrowings", divided by total equity as of the end of that year. Our adjusted gearing ratios for the years are not calculated in accordance with IFRS, and they are considered non-IFRS financial measures. See "— Key Financial Ratios — Non-IFRS Measures — Adjusted Gearing Ratio" below in this section for more details.

Return on Equity

Our return on equity increased from 73.2% in 2018 to 85.2% in 2019, mainly due to our improved profitability.

Our return on equity decreased from 140.0% in 2017 to 73.2% in 2018, mainly due to a faster growth rate of total equity as compared to net profit during the year resulting from the accumulation of retained earnings from 2017 to 2018.

Return on Total Assets

Our return on total assets increased from 4.6% as of December 31, 2018 to 20.6% as of December 31, 2019, mainly due to improved profitability in 2019.

Our return on total assets increased from 2.8% as of December 31, 2017 to 4.6% as of December 31, 2018, mainly due to the expansion of our business scale and the continuous increase of our profitability from 2017 to 2018, partially offset by the increase in our total assets resulting from the acquisition of Jiangsu Aitao.

Current Ratio

Our current ratio decreased during the Track Record Period, primarily due to continued increases in contract liabilities resulting from the expansion of our business scale.

Gearing Ratio

Our gearing ratio significant decreased from 34.5 times in 2017 to 9.6 times in 2018, and further to 0.16 times in 2019, primarily due to the increase in retained profit as a result of our improved profitability in 2018.

Non-IFRS Measures — Adjusted Gearing Ratio

To supplement our key financial ratios which were calculated based on consolidated financial statements presented in accordance with IFRS, we also use adjusted gearing ratio as non-IFRS measure, which is not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measure when shown in conjunction with the corresponding IFRS measure provides useful information to potential investors and management in facilitating a comparison of our operating performance from year to year by eliminating potential impacts of certain items that do not affect our ongoing operating performance, including non-recurring item which was not related to our ordinary course of business (each without considering tax effect). Such non-IFRS measure allows investors to consider matrices used by our management in evaluating our performance. From time to time in the future, there may be other items that we may exclude in reviewing our financial results. The use of the non-IFRS measure has limitations as an analytical tool, and you should not

consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

During the Track Record Period, we had a trust financing arrangement which was considered by our management as one-off and non-recurring event by nature, and was not considered by us as normal in the ordinary course of our business nor indicative of our ongoing core operating performance, in order to provide the potential investors with a complete and fair understanding of our core operating results and financial performance, especially in (i) making year-to-year comparisons of, and assessing the profile of, our operating and financial performance; and (ii) making comparisons with other comparable companies. See "— Indebtedness — Bank and Other Borrowings — Other Borrowings" in this section for more details.

Our adjusted gearing ratio represents our total interest-bearing borrowings excluding other secured borrowing from the independent third-party trust company, which includes trust financing disclosed under "— Indebtedness — Bank and Other Borrowings — Other Borrowings," divided by total equity as of the end of that year.

The following table sets forth the reconciliations of our adjusted gearing ratio under non-IFRS measures for the years indicated:

	For the year ended December 31,		
	2017	**2018**	**2019**
	(RMB'000, except for ratios)		
Total interest-bearing borrowings	500,000	520,000	20,375
Less:			
Trust financing arrangement	500,000	500,000	–
Non-IFRS measure — adjusted interest-bearing borrowings	**–**	**20,000**	**20,375**
Total equity	14,496	54,020	128,060
Gearing ratio (times)	34.5	9.6	0.16
Non-IFRS measure — adjusted gearing ratio (times)	**–**	**0.37**	**0.16**

Our adjusted gearing ratio amounted to nil, 0.37 times and 0.16 times, respectively, during the Track Record Period, mainly reflecting our leverage without considering the impact from the other borrowings from the independent third-party trust company. See "— Indebtedness — Bank and Other Borrowings — Other Borrowings" in this section for further details on the other borrowings from the independent third-party trust company.

Gross Profit Margin

Our gross profit margin increased during the Track Record Period, primarily reflecting economies of scale, the growth of our community value-added services and successful implementation of our cost control measures. See "— Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin" in this prospectus for further discussion.

Net Profit Margin

Our net profit margin increased during the Track Record Period, primarily due to improved profitability for the reasons discussed under "— Key Financial Ratio — Gross Profit Margin" above in this section.

MARKET RISKS

We are exposed to a variety of market risks, including interest rate risk, credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. For further details, including relevant sensitivity analysis, please see Note 34 in Appendix I to this prospectus.

Interest Rate Risk

Our exposure to risk for changes in market interest rates relates primarily to our interest-bearing bank and other borrowings. We do not use derivative financial instruments to hedge interest rate risk, and obtains all bank borrowings with a fixed rate.

Credit Risk

We are exposed to credit risk in relation to our trade and other receivables, borrowings, interest receivables due from related parties and cash and cash equivalents. The carrying amounts of our trade and other receivables, borrowings, interest receivables due from related parties cash and cash equivalents represent our maximum exposure to credit risk in relation to financial assets.

For the trade and other receivables due from related parties, we expect that the credit risk associated is considered to be low, since the related parties have a strong capacity to meet contractual cash flow obligation in the near term. Thus, the impairment provision recognized during the Track Record Period was nil for the trade and other receivables due from related parties.

For credit exposures to loans and interest due from related parties, we had not encountered any significant difficulties in collecting from related parties in the past, and are not aware of any significant financial difficulties by the related parties.

For cash and cash equivalents, we expect that there is no significant credit risk since they are substantially deposited at state-owned banks or other medium-to-large sized banks. We do not expect that there will be any significant losses from non-performance by those counterparties.

Liquidity Risk

We aim to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The following table sets forth maturity profile of our financial liabilities as of December 31, 2017, 2018 and 2019 based on the contractual undiscounted payments.

	Less than three months or on demand	More than three months but less than one year	Over one year	Total
		RMB'000		
As of December 31, 2017				
Trade payables	17,149	–	–	**17,149**
Other payables and accruals	45,033	–	–	**45,033**
Interest-bearing bank and other borrowings	11,250	33,750	780,000	**825,000**
Lease liabilities	107	322	793	**1,222**
Due to related parties	3,767	–	–	**3,767**
	77,306	**34,072**	**780,793**	**892,171**
As of December 31, 2018				
Trade payables	23,314	–	–	**23,314**
Other payables and accruals	50,018	–	–	**50,018**
Interest-bearing bank and other borrowings	17,715	73,145	710,000	**800,860**
Lease liabilities	202	604	1,503	**2,309**
Due to related parties	3,387	–	–	**3,387**
	94,636	**73,749**	**711,503**	**879,888**

	Less than three months or on demand	More than three months but less than one year	Over one year	Total
		RMB'000		
As of December 31, 2019				
Trade payables	48,461	–	–	**48,461**
Other payables and accruals	66,668	14,000	7,000	**87,668**
Interest-bearing bank and other borrowings	653	3,460	21,482	**25,595**
Lease liabilities	2,461	1,828	6,815	**11,104**
Due to related companies	1,520	–	–	**1,520**
	119,763	**19,288**	**35,297**	**174,348**

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of us are also considered as related parties. For a detailed discussion of related party transactions, see Note 30 to the Appendix I to this prospectus.

Significant Related Party Transactions

During the Track Record Period, we had the following significant transactions with related parties:

Provision of property management services and value-added service to non-property owners

In 2017, 2018 and 2019, we recorded revenue from provision of property management services and value-added service to non-property owners to related parties in the amount of RMB132.1 million, RMB185.4 million, RMB289.4 million, respectively.

Interest income received from related parties

In 2017, 2018 and 2019, we recorded interest received from related parties in the amount of RMB44.3 million, RMB47.3 million and RMB69.4 million, respectively.

Rental fee expense

In 2017, 2018 and 2019, we recorded rental fee to related parties in the amount of RMB1.0 million, RMB0.5 million and RMB1.9 million, respectively.

Balances with Related Parties

The table below sets forth the balances with related parties as of the dates indicated:

	As of December 31,		
	2017	**2018**	**2019**
		RMB'000	
Due from related companies:			
Trade related			
Zhenro Property Group	8,745	18,446	27,337
Zhenro Group Company	–	5,132	343
Joint ventures and associates of Zhenro Property Holdings	1,394	11,920	22,911
Non-trade related			
Zhenro Property Group	143	204	–
Zhenro Group Company	523,945	623,598	257
	534,227	**659,300**	**50,848**
Amounts due to related parties			
Trade related:			
Zhenro Property Group	929	1,455	1,427
Non-trade related:			
Zhenro Property Group	2,838	1,932	–
Zhenro Group Company	–	–	93
	3,767	**3,387**	**1,520**

During the Track Record Period, the trade receivables from related parties mainly related to our provision of property management services and value-added services to non-property owners. The increase in the trade receivables from related parties during the Track Record Period generally corresponded to our business growth.

The following table sets forth our turnover days of trade receivables from related parties for the years indicated:

	For the year ended December 31,		
	2017	**2018**	**2019**
Average trade receivable turnover days[(1)]	20	48	58

(1) Average trade receivable turnover days for a certain year equals average trade receivables from related parties divided by revenue from related parties for the year and then multiplied 365 for one-year period. Average trade receivables are calculated as trade receivables from related parties as of the beginning of the year plus trade receivables from related parties as of the end of the year, divided by two.

The increase in our turnover days of trade receivables from related parties from 20 days for 2017 to 48 days for 2018 and further to 58 days was primarily in line with our business expansion due to more services rendered to Zhenro Properties Group and joint ventures and associates of Zhenro Properties Group and relatively longer settlement period for the trade receivables by related parties. Nonetheless, we did not experience any practical difficulty in collecting our trade receivables from our related parties during the Track Record Period. The credit periods granted to related parties during the Track Record Period were generally three months.

The following table sets forth an aging analysis of the trade receivables from related parties as of the dates indicated, based on the invoice date and net of allowance for impairment:

	As of December 31,		
	2017	**2018**	**2019**
		RMB'000	
Within one year	10,139	27,869	38,248
Within 90 days	*5,646*	*18,561*	*24,042*
90 to 180 days	*1,631*	*4,742*	*6,427*
180 to 270 days	*1,431*	*3,072*	*4,133*
Over 270 days	*1,431*	*1,494*	*3,646*
Over one year	–	7,629	12,343
Total	**10,139**	**35,498**	**50,591**

Our Directors are of the view that the settlement progress of Zhenro will remain similar and in accordance with the credit terms granted after the Listing.

As of May 31, 2020, RMB46.9 million, or 92.7% of our trade-related receivables from related parties as of December 31, 2019 were subsequently settled, of which RMB12.3 million, or 100.0% of our trade receivables from related parties that were aged over one year as of December 31, 2019 were subsequently settled.

Our Directors are of the view that the related party transactions were conducted on a normal commercial terms and were fair and reasonable as a whole, and would not distort our track record results or make the historical results not reflective of our future performance. As of December 31, 2017, 2018 and 2019, our non-trade related amounts due from related parties amounted to RMB524.1 million, RMB623.8 million and RMB257,000, respectively, which were mainly related to intra-group financing arrangement made during the Track Record Period considering the overall capital management within Zhenro Group and the financial resources available to us. In 2017, 2018 and 2019, we made the advances to related parties of RMB15.4 million, RMB125.1 million and RMB665.8 million, respectively. Such advances to related parties were mainly interest-free intra-group financing arrangement made from time to time during the Track Record Period which were repayable on demand. We mainly made such advances to Zhenro Group with working capital and financial resources available to us. Zhenro Group used such advances as working capital for its daily operations. See "— Indebtedness — Bank and Other Borrowings — Other Borrowings" in this section for further discussion on the amount due from Zhenro Group during the Track Record Period. Our non-trade related amounts due to related parties amounted to RMB2.8 million, RMB1.9 million and RMB93,000, respectively, as of December 31, 2017, 2018 and 2019. The non-trade related amounts due to related parties in 2017 and 2018 were mainly related to our collection of utility fees from property owners and community residents on behalf of Zhenro Property Group for properties delivered to us for management. Our Directors confirm that all related party balances that are non-trade in nature will be fully settled prior to the Listing. See Note 30 in Appendix I to this prospectus for further details on related party balances and transactions.

DIVIDENDS

We did not pay or declare any dividend during the Track Record Period. We have no fixed dividend policy and, subject to the compliance with the relevant laws of the Cayman Islands and our constitutional documents, our Company may have the right to declare dividends in any currency to be paid to the shareholders in general meeting, but no dividend may be declared in excess of the amount recommended by our Board.

Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Law. In addition, our Directors may from time to time pay such interim dividends as our Board considers to be justified by our profits and overall financial requirements, or special dividends of such amounts and on such dates as they think appropriate. No dividend shall be declared or payable except

out of our profits, retained earnings or share premium, subject to a solvency test being satisfied. Our future declarations of dividends will be at the absolute discretion of our Board. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholders' meeting.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profits calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require enterprises incorporated in the PRC to set aside at least 10% of their after-tax profits based on the relevant accounting standards set out by the PRC regulatory authorities at the end of each year to fund certain statutory reserves until the statutory reserves reach and remain at or above 50% of the relevant PRC entity's registered capital. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

DISTRIBUTABLE RESERVES

As of December 31, 2019, our Group had retained profits of RMB129.4 million under IFRS, as reserves available for distribution to our equity shareholders.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this prospectus, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

The total amount of listing expenses that will be borne by us in connection with the Global Offering, including underwriting commissions, is estimated to be RMB60.4 million (based on the mid-point of the indicative Offer Price range, before the exercise of the Over-allotment Option), representing approximately 6.4% of the gross proceeds from the Global Offering (assuming an Offer Price of HK$4.15, being the mid point of the indicative Offer Price range and before the exercise of the Over-allotment Option), of which RMB31.0 million is expected to be accounted for as a deduction from equity upon completion of the Listing. The remaining fees and expenses of RMB29.4 million were or are expected to be charged to our profit or loss account, of which approximately RMB11.5 million was charged for 2019, and approximately RMB17.9 million is expected to be charged subsequent to the end of the Track Record Period and upon completion of the Listing. The professional fees and/or other expenses related to the preparation of Listing are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors expect that our listing expenses will have a material adverse impact on our financial performance for year ending December 31, 2020.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to the owners of our Company as of December 31, 2019 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company have been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of our Group had the Global Offering been completed as of December 31, 2019 or at any future dates. It is prepared based on the consolidated net assets of our Group as of December 31, 2019 as set out in the Accountant's Report of our Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted consolidated net tangible assets does not form part of the Accountants' Report.

	Unaudited consolidated net tangible assets attributable to owners of our Company as of December 31, 2019[1]	**Estimated net proceeds from the Global Offering[2]**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company as of December 31, 2019**	**Unaudited pro forma adjusted consolidated net tangible assets per Share[3][4]**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$3.60 per Share	18,919	765,980	784,899	0.78	0.86
Based on an Offer Price of HK$4.70 per Share	18,919	1,011,787	1,030,706	1.03	1.13

(1) The unaudited consolidated net tangible liabilities attributable to owners of our Company as of December 31, 2019 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the unaudited consolidated equity attributable to owners of our Company as of December 31, 2019 of RMB111.5 million, with adjustments for other intangible assets and goodwill as of December 31, 2019 of RMB33.0 million and RMB59.5 million, respectively.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$3.60 and HK$4.70 per Share after deduction of the estimated underwriting fees and other related expenses payable by us, and takes no 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 RMB0.9150.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 250,000,000 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 consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.9150.

(5) No adjustment has been made to reflect any trading results or other transactions of the Group, entered into subsequent to 31 December 2019.

DIRECTORS' CONFIRMATION ON NO MATERIAL AND ADVERSE CHANGE

After due and careful consideration, save for the section headed "Business – Effects of the COVID-19 outbreak" in this prospectus, presenting, among others, certain extreme situations for illustrative purpose only, which may or may not occur, our Directors confirm that, up to the date of this prospectus, there has been no material and adverse change in our financial and trading position or prospects since December 31, 2019, and there is no event since December 31, 2019 that would materially affect the information shown in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus.

CORNERSTONE INVESTMENTS

As part of the International Offering, our Company has entered into cornerstone investment agreements with four cornerstone investors, details of which are set out below (together, the "**Cornerstone Investors**", and each a "**Cornerstone Investor**").

The Cornerstone Investors have agreed to subscribe, or cause their respective designated entities to subscribe, at the Offer Price, for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) that may be subscribed for an aggregate amount of US$50.0 million (equivalent to approximately HK$387.5 million).

Assuming an Offer Price of HK$3.60 (being the low end of the Offer Price range set out in this prospectus), the Cornerstone Investors have agreed to subscribe for an aggregate of 107,638,000 Offer Shares, representing (a) approximately 10.9% of the total Shares in issue and approximately 43.0% of the total number of Offer Shares, in each case immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised (without taking into account any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme); and (b) approximately 10.4% of the total number of Shares in issue and approximately 37.5% of the total number of Offer Shares, in each case immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is exercised in full (without taking into account any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme).

Assuming an Offer Price of HK$4.15, (being the mid-point of the Offer Price range set out in this prospectus), the Cornerstone Investors have agreed to subscribe for an aggregate of 93,372,000 Offer Shares, representing (a) approximately 9.3% of the total Shares in issue and approximately 37.3% of the total number of Offer Shares, in each case immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised (without taking into account any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme); and (b) approximately 9.0% of the total number of Shares in issue and approximately 32.5% of the total number of Offer Shares, in each case immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is exercised in full (without taking into account any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme).

Assuming an Offer Price of HK$4.70 (being the high end of the Offer Price range set out in this prospectus), the Cornerstone Investors have agreed to subscribe for an aggregate of 82,448,000 Offer Shares, representing (a) approximately 8.1% of the total Shares in issue and approximately 33.0% of the total number of Offer Shares, in each case immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised (without taking into account any Shares which may be

issued pursuant to the exercise of any option which may be granted under the Share Option Scheme); and (b) approximately 8.0% of the total number of Shares in issue and approximately 28.6% of the total number of Offer Shares, in each case immediately following the completion of the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is exercised in full (without taking into account any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme).

The Offer Shares to be delivered to each of the Cornerstone Investors pursuant to the relevant cornerstone investment agreements will rank pari passu with all other Shares then in issue and to be listed on the Stock Exchange (save for the right to participate in the Capitalization Issue) and will count towards the public float of the Shares.

The Offer Shares to be delivered to the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering or any exercise of the Over-allotment Option, as further described in "Structure and Conditions of the Global Offering".

To the best knowledge of our Company, each Cornerstone Investor is an Independent Third Party. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial Shareholder. In addition, to the best knowledge of our Company, each Cornerstone Investor is independent from each other and makes its own independent investment decisions.

The Cornerstone Investors (a) will not have any representation on the Board immediately following the completion of the Global Offering; (b) will not subscribe for any Offer Shares pursuant to the Global Offering, other than pursuant to the relevant cornerstone investment agreements; and (c) do not have any preferential rights compared with other public Shareholders in their respective cornerstone investment agreements.

DETAILS OF THE CORNERSTONE INVESTORS

			Based on the Offer Price of HK$3.60 (being the low end of the Offer Price range)			
			Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of the Global Offering	
Cornerstone Investor	**Investment Amount (million)**	**Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**	**Assuming the Over-allotment Option is not exercised**	**Assuming the Over-allotment Option is exercised in full**
Everbright Xinglong Trust Co., Ltd. (光大興隴信托有限責任公司) ("**Everbright Xinglong Trust**") .	US$20.0	43,056,000	17.2%	15.0%	4.3%	4.1%
Dazhong (Hong Kong) International Corporation Limited (大眾(香港)國際有限公司) ("**Dazhong Hong Kong International**") . .	US$10.0	21,528,000	8.6%	7.5%	2.2%	2.1%
Poly Platinum Enterprises Limited ("**Poly Platinum**").	HK$77.5	21,528,000	8.6%	7.5%	2.2%	2.1%
CURA International (Hong Kong) Investment Management Company Limited (中城國際(香港)投資管理有限公司) ("**CURA Hong Kong**")	US$10.0	21,528,000	8.6%	7.5%	2.2%	2.1%
Total	Equivalent to US$50.0	107,638,000	43.0%	37.5%	10.9%	10.4%

			Based on the Offer Price of HK$4.70 (being the high end of the Offer Price range)			
			Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of the Global Offering	
Cornerstone Investor	Investment Amount (million)	Number of Offer Shares (rounded down to nearest whole board lot of 1,000 Shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Everbright Xinglong Trust	US$20.0	32,980,000	13.2%	11.5%	3.3%	3.2%
Dazhong Hong Kong International	US$10.0	16,490,000	6.6%	5.7%	1.6%	1.6%
Poly Platinum	HK$77.5	16,490,000	6.6%	5.7%	1.6%	1.6%
CURA Hong Kong	US$10.0	16,490,000	6.6%	5.7%	1.6%	1.6%
Total	Equivalent to US$50.0	82,448,000	33.0%	28.6%	8.1%	8.0%

The following information on the Cornerstone Investors was provided to our Company by the Cornerstone Investors.

Information about the Cornerstone Investors

Everbright Xinglong Trust

Everbright Xinglong Trust is a financial institution restructured based on Gansu Trust Investment Corporation (甘肅省信託投資公司), its predecessor, and established by China Everbright Group Corporation Limited (中國光大集團股份公司) ("**China Everbright Group**") in 2014, which was approved by the China Banking Regulatory Commission (中國銀行業監督管理委員會, which was currently known as the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)). It is one of the four major subsidiaries of China Everbright Group engaging in financial business.

China Everbright Group is a state-owned key enterprise established in 1983. It is a large financial holding group with domestic and overseas businesses covering banking, securities, insurance, fund, trust, futures, lease, investment, environment protection, culture and tourism and pharmaceuticals.

Everbright Xinglong Trust is the beneficiary of a trust arrangement entered into with a qualified domestic institutional investor serving as trustee, and subscription for the Offer Shares by Everbright Xinglong Trust will be made through such trust arrangement.

Dazhong Hong Kong International

Dazhong Hong Kong International is a limited liability company incorporated in Hong Kong in 2008 and a wholly-owned subsidiary and an overseas investment platform of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (上海大眾公用事業(集團)股份有限公司) ("**Shanghai Dazhong**").

Shanghai Dazhong, a public company listed on the Main Board of Stock Exchange (stock code: 1635) and the Shanghai Stock Exchange (stock code: 600635), is a leading public utility service provider in Shanghai that complements its operations with strategic and financial investments in its associated companies in public utility and other industries.

Poly Platinum

Poly Platinum was incorporated in the BVI in 2018 and is controlled by Greater Bay Area Homeland Development Fund LP (大灣區共同家園發展基金有限合夥) (the "**Greater Bay Area Fund**").

The Greater Bay Area Fund is a private investment fund that was jointly established by international large-scale industrial institutions, financial institutions and new economic enterprises. The Greater Bay Area Fund is under discretionary management by Greater Bay Area Development Fund Management Limited, a type 1, 4 and 9 licensed corporation under the SFO. The Greater Bay Area Fund covers a range of activities, including venture capital, private equity investments and listed company investments and mergers and acquisitions. The objective of Greater Bay Area Fund is to grasp the historical opportunities of the development of Guangdong-Hong Kong-Macao Greater Bay Area, and the construction of an international innovation and technology hub, which focuses on technological innovation, industrial upgrading, quality of life, smart city and all other related industries. Poly Platinum is an investment holding company.

CURA Hong Kong

CURA Hong Kong is a limited liability company incorporated in Hong Kong in 2014 and a wholly-owned subsidiary of Shanghai CURA Investment and Management Co., Ltd. (上海中城聯盟投資管理有限公司) ("**CURA Investment and Management**"), a leading private equity investment and management institution with a focus on real estate industry in China.

Following the development trend of real estate industry and along with urbanization and renovation of cities in China, CURA Investment and Management increases value of development projects and assets thorough private equity investments, taking advantage of its expertise and experience, to promote upgrade and healthy development of real estate industry in China.

Each of Dazhong Hong Kong International and CURA Hong Kong may obtain external financing by entering into a loan facility with CCB International Securities Limited ("**CCBI Securities**"), an affiliate of the Sole Sponsor, to finance its respective subscription of the Offer Shares. The ultimate beneficial owner of the CCBI Securities is China Construction Bank Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 939) and the Shanghai Stock Exchange (stock code: 601939). Each loan, if obtained, will be on normal commercial terms after arms-length negotiations with no other direct or indirect benefits given by CCBI Securities. The financings are provided in the usual and ordinary course of business of CCBI Securities. All or some of the Offer Shares to be subscribed for by each of Dazhong Hong Kong International and CURA Hong Kong may be charged to CCBI Securities as security for the loan facilities. Under their respective financing arrangements, upon the occurrence of certain customary events of default, Dazhong Hong Kong International and CURA Hong Kong may be required to repay the respective loan before the maturity. CCBI Securities may therefore have the right to enforce the security interest in the Offer Shares subject to such charge at any time upon the occurrence of certain customary events of default. Each of Dazhong Hong Kong International and CURA Hong Kong agrees and undertakes to our Company to procure CCBI Securities, and CCBI Securities also agrees and undertakes to our Company, not to dispose of the collateral Shares under the financing arrangements at any time during the period of six months following the Listing Date.

CONDITIONS PRECEDENT

The obligation of each Cornerstone Investor to subscribe, and the obligation of our Company to issue and deliver, the Offer Shares pursuant to the relevant cornerstone investment agreement is conditional upon the following:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the respective underwriting agreements;

(b) neither of the Hong Kong Underwriting Agreement and International Underwriting Agreement having been terminated;

(c) the Listing Committee having granted the approval for the Listing of, and permission to deal in, the Shares (including the Shares subscribed by the Cornerstone Investors) and that such approval or permission having not been revoked;

(d) no laws shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or herein and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions;

(e) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor made in the relevant cornerstone investment agreement are accurate and true in all material respects and not misleading and that there is no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor; and

(f) the Offer Price having been agreed upon between our Company and the Joint Global Coordinators (on behalf of the Underwriters).

RESTRICTIONS ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTORS

Each Cornerstone Investor has agreed that without the prior written consent of our Company, the Sole Sponsor and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the relevant cornerstone investment agreement) any of the Shares subscribed for by it pursuant to the relevant cornerstone investment agreement and any other securities of our Company which are derived therefrom (the "**Relevant Shares**") or any interest in any company or entity holding any of the Relevant Shares.

Each Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as a transfer to a wholly-owned subsidiary of such Cornerstone Investor, subject to the restrictions on disposal of Relevant Shares imposed on such Cornerstone Investor under the relevant cornerstone investment agreement.

OTHER INFORMATION

Our Directors have confirmed that, to the best of their knowledge, information and belief after having made reasonable enquiries, based on the latest negotiations with the Cornerstone Investors, there will not be any arrangement for deferred settlement or deferred delivery in respect of the Shares to be subscribed by the Cornerstone Investors. Our Directors and each of the Cornerstone Investors have confirmed that: (i) apart from the cornerstone investment agreements, our Company has not entered into any other side letter agreements/arrangements with any of the Cornerstone Investors; (ii) each of the Cornerstone Investors is not accustomed to take instructions from our Company, Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of our subsidiaries or their respective close associates; (iii) none of the subscriptions of the Offer Shares by the Cornerstone Investors is financed by our Company, Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of our subsidiaries or their respective

associates; and (iv) the source of funding of all the Cornerstone Investors are derived from their respective internal resources, save for the possible external financings from CCBI Securities as disclosed in "— Details of the Cornerstone Investors" in this section above.

Our Directors and the Cornerstone Investors have confirmed that, save for the following Cornerstone Investors, none of the Cornerstone Investors or their shareholders are listed on any stock exchange: (i) Dazhong Hong Kong International is a wholly-owned subsidiary of Shanghai Dazhong, a joint stock company incorporated in the PRC with limited liability whose H shares are listed on the Main Board of the Stock Exchange (stock code: 1635) and A shares are listed on the Shanghai Stock Exchange (stock code: 600635). As confirmed by Dazhong Hong Kong International, no approval from the relevant stock exchanges or the shareholders of Shanghai Dazhong is required in respect of its cornerstone investment in our Company. (ii) CURA Hong Kong is a wholly-owned subsidiary of CURA Investment and Management. CURA Investment and Management is a licensed private equity investment and management institution with 53 shareholders, holding shareholdings in CURA Investment and Management in a range from 0.18% to 4.71%, some of which are listed on the Stock Exchange. CURA Hong Kong confirms that, to the best knowledge, information and belief after having made reasonable enquiries, no approval is required from the relevant stock exchanges or the respective shareholders of such listed companies in respect of its cornerstone investment in our Company. Each of the Cornerstone Investors has also confirmed that all consents, approvals, authorizations, permission and registrations required under any applicable laws, rules and regulations in connection with its cornerstone investment have been obtained, and none of such approvals is subject to any condition precedent which has not been fulfilled or performed.

Our Directors and the Cornerstone Investors have confirmed that the Company was introduced to the Cornerstone Investors, who are renowned institutional investors and/or asset managers, through pre-deal marketing activities conducted by the introducing Joint Global Coordinator and the management team of our Company regarding the cornerstone investment opportunity. Our Directors consider that the Cornerstone Investors would provide an impression of voluntary commitment to the Global Offering by these Cornerstone Investors and that the investment is worthwhile. In addition, our Directors consider that retail investors would be incentivized to invest in our Company when our Company can solicit cornerstone investments. Coupled with the relative market volatility in Hong Kong recently, our Company, our Controlling Shareholders and the Underwriters wish to strengthen the market appetite of the prospective investors in our Company through the cornerstone investments.

FUTURE PLANS AND PROSPECTS

See "Business — Our Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$971.5 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$4.15 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 55.0%, or approximately HK$534.4 million, will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships to expand our business scale and the depth and breadth of our geographic coverage, among which, (i) approximately 27.5%, or approximately HK$267.2 million, will be used to acquire other property management companies which meet our selection criteria, which include, among others, service offering, geographic coverage, financial stability, growth potential and qualifications in service areas that we consider profitable or compatible with our expansion strategy, such as high-quality residential property management companies, property management companies with specialty management experiences in certain commercial areas or property management companies with service experience in certain governmental sectors; and (ii) approximately 27.5%, or approximately HK$267.2 million, will be used to acquire property management companies with community products and services that are complementary to those of ours, including, among others, companies engaged in community retail services, elderly care and community health services. We plan to acquire approximately three property management company targets. The number of acquisition targets will depend on the scale and consideration of the actual acquisition. The main criteria for target companies include, among other things (i) a total GFA under management of over 3.0 million sq.m., (ii) annual revenue of over RMB30.0 million, and (iii) an average net profit margin of above 8.0%. During the Track Record Period, we established a team for identifying and evaluating potential targets and put in place internal target selection policies and procedures. This team will continue to conduct market research, financial due diligence and feasibility studies. We will establish stringent approval systems and procedures for reviewing target companies, due diligence results and investment proposals and approvals. We will involve our relevant departments, such as market and development department, legal department, quality control department, construction management department and human resources department to participate and provide feedback in the target selection process. Going forward and as we did during the Track Record Period, we will continue to evaluate potential targets in terms of estimated investment returns,

market value, growth ratios, average property management fee level, collection rates, customer satisfaction data and local labor costs, among others. The ultimate decision will be made by our strategic investment and development committee which is formed by selected members of our management. For more information on our investment and acquisition strategies, see "Business — Business Strategies — Expand our project portfolio, explore strategic investment, acquisition and cooperation opportunities and grow our business scale and market share" in this prospectus. As of the Latest Practicable Date, we had not identified or committed to any investment or acquisition targets for our use of net proceeds from the Global Offering;

- approximately 20.0%, or approximately HK$194.3 million will be used to further develop our information management systems, among which, (i) approximately 8.0%, or approximately HK$77.7 million, will be used to purchase new and upgrade existing hardware to improve our operational efficiency and support our business expansion, and purchase customized software systems, such as intelligent software to manage car parks or smart detection and monitoring systems; (ii) approximately 6.0%, or approximately HK$58.3 million, will be used to develop and optimize our internal project management systems, such as software to streamline our internal procedures in relation to customer services, quality control, labor and subcontractor management and fee collection, to help reduce our labor and utility costs and improve operational efficiency; and (iii) approximately 6.0%, or approximately HK$58.3 million, will be used to develop internal management systems for mainly our human resources and finance departments for better organization and communications of relevant internal information, such as the management of recruitment details, employee's remuneration and benefit, labor contracts and employees' training and evaluations for human resources department, thereby further improve our management consistency and operational efficiency;

- approximately 15.0%, or approximately HK$145.7 million, will be used to further develop our "Rong Wisdom" (榮智慧) Service Software to increase efficiency in the provision of our new and existing property management services, improve our service coverage and quality and create greater customer satisfaction, among which, (i) approximately 8.0%, or approximately HK$77.7 million, will mainly be used to enhance our internal operational and management efficiency in the course of providing additional community value-added services which we strive to further explore and develop, such as community retail services, elderly care and community health services, to property owners and residents; (ii) approximately 4.0%, or approximately HK$38.9 million, will be used to purchase systems and upgraded technologies to better collect, store and analyze big data gathered in our provision of property management services, as we believe such information and analysis will enhance our understanding of customers' requirements and needs and further improve our services to achieve greater customer satisfaction; and (iii)

approximately 3.0%, or approximately HK$29.1 million, will be used to optimize communication channels between our customers and us to allow for more seamless and timely interactions, thereby enhancing customer satisfaction and operational efficiency; and

- approximately 10.0%, or approximately HK$97.1 million, will be used for general business operations and working capital.

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 determined at HK$4.70 per Offer Share, being the high end of the indicative Offer Price range stated in this prospectus, we will receive additional net proceeds of approximately HK$134.3 million. If the Offer Price is fixed at HK$3.60 per Offer Share, being the low end of the indicative Offer Price range stated in this prospectus, the net proceeds we receive will be reduced by approximately HK$134.3 million.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares will be approximately HK$152.0 million, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$4.15 per Share, being the mid-point of the indicative Offer Price range.

To the extent that the net proceeds from the Global Offering are not immediately applied to the purposes stated above, and to the extent permitted by applicable laws and regulations, we intend to deposit the proceeds into short-term deposits accounts with licensed financial institutions. We will make a formal announcement in the event that there is any change in our use of net proceeds from the purposes stated above or in our allocation of the net proceeds in the proportions stated above.

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 changes in the funding requirement for each of our future plans described in this prospectus from the amount as estimated by our Directors;

- there will be no material changes in existing laws and regulations, or other government policies relating to our Group, our industry or the political or market environment in which we operate;

- there will be no material changes in the existing accounting policies from those stated in the Accountants' Report in Appendix I as of and for the years ended December 31, 2017, 2018 and 2019;

- 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 the bases or rates of taxation applicable to our activities;

- we will continue our business operations in the same manner as we had operated during the Track Record Period;

- our operations including our future plans will not be interrupted by any force majeure, unforeseeable factors, extraordinary items or economic changes in respect of, among others, inflation and interest rate, in the PRC;

- there will be no disasters, natural, political or otherwise, which would not materially disrupt our business or operations; and

- we will not be materially affected by the risk factors as set our in the "Risk Factors" in this prospectus.

IMPLEMENTATION PLAN

The following table sets out approximate amount, sources of funding, key milestones and timeframe for each strategic plan. Investors should note that the following implementation plan was formulated on the bases and assumptions referred to in "— Use of Proceeds — Bases and Assumptions" above. The bases and assumptions outlined are inherently subject to uncertainties, particularly those outlined in the section headed "Risk Factors" in this prospectus. Our actual course of business may vary from the business strategies set forth in this prospectus due to unforeseeable events, and there can be no assurance that we will accomplish our business strategies in a timely manner, or at all.

		Key milestones and proceeds			
Major category	**Sub-category**	**Implementation activities**	**Amount of proceeds**	**Percentage of total proceeds**	**Timeframe and amount**
Investment plan	• Acquisition of and investment in other property management companies	• Acquisition of and investment in property management companies located in the Yangtze River Delta Region • Acquisition of and investment in property management companies located in the Midwest Region or the Western Straits Region	HK$267.2 million	27.5%	• 2020, HK$175.0 million • 2021, HK$92.2 million

	Key milestones and proceeds				
Major category	**Sub-category**	**Implementation activities**	**Amount of proceeds**	**Percentage of total proceeds**	**Timeframe and amount**
	• Acquisition of and investment in property management companies with a focus on community products and services	• Acquisition of and investment in property management companies located in the Yangtze River Delta Region or the Bohai Rim Region	HK$267.2 million	27.5%	• 2020, HK$165.6 million • 2021, HK$101.6 million
Development of information management system	• Procurement of new and upgrade of existing hardware in property management and operation and customized software systems	• Developing smart facility system based on Internet	HK$49.3 million	5.08%	• 2020, HK$8.2 million • 2021, HK$16.5 million • 2022, HK$24.6 million
		• Developing software to streamline our internal procedures for value-added services	HK$11.3 million	1.17%	• 2020-2022, HK$11.3 million
		• Setting up call center	HK$9.4 million	0.97%	• 2020, HK$4.4 million • 2021, HK$3.0 million • 2022, HK$2.0 million

	Key milestones and proceeds				
Major category	**Sub-category**	**Implementation activities**	**Amount of proceeds**	**Percentage of total proceeds**	**Timeframe and amount**
		• Developing and promoting the analysis system of operational big data	HK$3.1 million	0.32%	• 2020, HK$3.1 million
		• Developing software relating to our Internet security for the communities, as well as setting up and promoting the quality control system	HK$2.5 million	0.26%	• 2020-2022, HK$2.5 million
		• Purchasing, arranging and applying the systems with higher efficiency	HK$2.1 million	0.22%	• 2020-2022, HK$2.1 million
	• Development and optimization of our internal project management systems	• Purchasing and upgrading customized and intelligent software to manage car parks	HK$25.7 million	2.64%	• 2020, HK$5.2 million • 2021, HK$9.2 million • 2022, HK$11.3 million
		• Integrating smart detection and monitoring systems	HK$23.1 million	2.38%	• 2020, HK$3.6 million • 2021, HK$7.7 million • 2022, HK$11.8 million

		Key milestones and proceeds			
Major category	**Sub-category**	**Implementation activities**	**Amount of proceeds**	**Percentage of total proceeds**	**Timeframe and amount**
		• Developing the big data system and maintaining the quality control system	HK$9.5 million	0.97%	• 2020, HK$3.1 million • 2021, HK$3.2 million • 2022, HK$3.2 million
	• Development of internal management systems for mainly our human resources and finance departments for better organization and communications of relevant internal information	• Setting up the shared accounting system	HK$23.0 million	2.37%	• 2020, HK$11.3 million • 2021, HK$11.7 million
		• Setting up and upgrading the core human resource system	HK$15.5 million	1.59%	• 2020, HK$9.3 million • 2021, HK$6.2 million
		• Adopting the cloud server and upgrading independent server of the enterprise email	HK$19.8 million	2.04%	• 2020, HK$6.5 million • 2021, HK$6.5 million • 2022, HK$6.8 million

	Key milestones and proceeds				
Major category	**Sub-category**	**Implementation activities**	**Amount of proceeds**	**Percentage of total proceeds**	**Timeframe and amount**
Development of "Rong Wisdom" (榮智慧) Service Software	• Enhancement of our internal operational and management efficiency	• Enhancing our internal operational and management efficiency in the course of providing additional community value-added services which we strive to further explore and develop	HK$77.7 million	8.0%	• 2020-2022, HK$77.7 million
	• Procurement of systems and upgraded technologies	• Purchasing systems and upgraded technologies to better collect, store and analyze big data gathered during our provision of property management services	HK$38.9 million	4.0%	• 2020-2022, HK$38.9 million

	Key milestones and proceeds				
Major category	**Sub-category**	**Implementation activities**	**Amount of proceeds**	**Percentage of total proceeds**	**Timeframe and amount**
	• Upgrading of communication channels	• Optimize communication channels between our customers and us to allow for more seamless and timely interactions	HK$29.1 million	3.0%	• 2020-2022, HK$29.1 million

HONG KONG UNDERWRITERS

CCB International Capital Limited

Zhenro Securities Co. Limited

Guotai Junan Securities (Hong Kong) Limited

BNP Paribas Securities (Asia) Limited

Haitong International Securities Company Limited

China Industrial Securities International Capital Limited

CRIC Securities Company Limited

Shenwan Hongyuan Securities (H.K.) Limited

I Win Securities Limited

Futu Securities International (Hong Kong) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be offered as mentioned herein (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for, their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by written notice from the Joint Global Coordinators to the Company, if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there develops, occurs, exists or comes into force:

(1) any new law or regulation or any change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the Cayman Islands, the United States, the United Kingdom, any member of the European Union or any other jurisdiction relevant to any member of the Group or the Global Offering (each a "Relevant Jurisdiction"); or

(2) any change or development involving a prospective change, or any event or series of events, matters or circumstances likely to result in or representing a change or development involving a prospective change concerning or relating to: any local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions (including, without limitation, conditions in stock, equity securities and bond markets, money and foreign exchange markets and inter-bank markets), a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollars or an appreciation of the Renminbi against the currency of any of the United States or the European Union in or affecting any Relevant Jurisdiction; or

(3) any event or series of events in the nature of force majeure (including, without limitation, acts of government, declaration of a national or international emergency of war, outbreak or escalation of hostilities (whether or not war is declared), outbreak of disease, epidemic or pandemic and the suspension of business and financial activities as a result of such outbreak, economic sanction, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), riot, rebellion or acts of God) in or affecting any Relevant Jurisdiction; or

(4) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Tokyo Stock Exchange, Shanghai Stock Exchange or Shenzhen Stock Exchange or (B) a general moratorium on commercial banking activities in New York, Hong Kong, Cayman Islands,

Japan, London or the PRC declared by the relevant authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or

(5) any adverse change or development involving prospective adverse change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the Shares; or

(6) any Director being charged with an indictable offense or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political or regulatory body of any investigation or other analogous action against any Director or an announcement by any governmental, political or regulatory body that it intends to investigate or take any such other analogous action; or

(7) a contravention by any member of the Group of a material provision of the Companies Ordinance or Companies (Winding Up and Miscellaneous Provisions) Ordinance or companies law of Cayman Islands or the Listing Rules or the laws of such member company's own jurisdiction; or

(8) a prohibition on our Company for whatever reason from offering, allotting, issuing or delivering any of the Offer Shares pursuant to the terms of the Global Offering; or

(9) other than with the approval of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), the issue or requirement to issue by the Company of a supplementary prospectus, application form, preliminary or final offering circular pursuant to the Companies Ordinance or Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(10) any materialization of any of the risks set out in "Risk Factors" in this prospectus; or

(11) any demand by creditors for repayment of material indebtedness or a valid petition is presented for the winding up or liquidation of any member of the Group or any member of the Group 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 member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(12) any material litigation or claim being threatened or instigated against the Company or any member of the Group or any Director; or

(13) the chairman and chief executive officer of the Company vacating his office for any reason,

which in any such case, whether individually or in aggregate and in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters),

(A) is or will be or is likely to be materially adverse to, whether directly or indirectly, the general affairs or the business or financial or trading or other condition or prospects of the Company and its subsidiaries taken as a whole; or

(B) has or will have or is likely to have a material adverse effect on the success of the Global Offering and/or make it impracticable, incapable, inexpedient or inadvisable for any part of the Hong Kong Underwriting Agreement (including underwriting), the International Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged or which prevents the processing of applications and/or payments pursuant to the Global Offering or underwriting thereof; or

(C) makes or will or is likely to make it impracticable, inexpedient or inadvisable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) or the Final Offering Circular (as defined in the Hong Kong Underwriting Agreement); or

(b) there has come to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters as at or after the date of the Hong Kong Underwriting Agreement:

(1) that any statement contained in the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement), the formal notice relating to the Global Offering and any notices, announcements, advertisements, communications, or other documents in the agreed form issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become untrue, incorrect or incomplete in any material respect or misleading, or that any forecasts, estimates, expression of opinion, intention or expectation expressed in such documents are not in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or

(2) any matter has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or

(3) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the Warranties (as defined in the Hong Kong Underwriting Agreement) given by the Company or the Controlling Shareholders in the Hong Kong Underwriting Agreement; or

(4) any event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement which has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering or the business or financial conditions or prospects of the Group as a whole; or

(5) any breach of any of the obligations or undertakings of the Company and the Controlling Shareholders under the Hong Kong Underwriting Agreement which has or may have or will have or is reasonably likely to have a material adverse effect on the success of the Global Offering or the business or financial conditions or prospects of the Group as a whole; or

(6) any breach of any of the obligations of any party (other than the Sole Sponsor, the Joint Global Coordinators or the Underwriters, if applicable) to any of the Deed of Indemnity, the Deed of Non-Competition, the price determination agreement, the receiving banks agreement, the registrar agreements and the Stock Borrowing Agreement which has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering or the business or financial conditions or prospects of the Group as a whole; or

(7) any material adverse change or development involving prospective material adverse change in the assets, liabilities, conditions, earnings, profits, losses, business, properties, results of operations, in the financial or trading position or prospects or performance of the Group taken as a whole; or

(8) any expert named in "Statutory and General Information — E. Other Information — 8. Qualification and Consents of Experts" in Appendix IV to this prospectus has withdrawn its consent to being named in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement); or

(9) a material portion of the orders in the book building process have been withdrawn, terminated or canceled which has a material adverse effect on the success of the Global Offering; or

(10) the Stock Borrowing Agreement, if entered into, is not duly authorized, executed and delivered or it is terminated; or

(11) any withdrawal of investments by cornerstone investors from the International Offering which has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering; or

(12) the Company withdraws the Hong Kong Public Offering Documents (as defined under the Hong Kong Underwriting Agreement) or the Global Offering; or

(13) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld,

then the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) may in their sole discretion and upon giving notice to the Company on or prior to 8:00 a.m. on the Listing Date, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into our Company's equity securities (whether or not of a class already issued) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or our Company's securities will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Under Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to us and to the Stock Exchange that they shall not, and procure that the relevant registered holder(s) shall not:

(a) during the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the "First Six-Month Period"), 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 Shares or our securities in respect of which they are shown by this prospectus to be the beneficial owner; or

(b) at any time during the period of six months commencing on the date on which the First Six-Month Period expires (the "Second Six-Month Period"), 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 Shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be our controlling shareholders (as defined in the Listing Rules).

In accordance with Note (3) of Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has also undertaken to us and the Stock Exchange that, during the First Six-Month Period and the Second Six-Month Period, he/it will:

(1) when he/it pledges or charges any securities of our Company beneficially owned by him/it in favor of an authorized institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and

(2) when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities of our Company will be disposed of, immediately inform us of such indications.

Under Note (3) to Rule 10.07(2) of the Listing Rules, we are required to inform the Stock Exchange as soon as practicable after we have been informed of the matters referred to in (1) or (2) above by any of our Controlling Shareholders and disclose such matters by way of an announcement in compliance with the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the Capitalization Issue and the options which may be granted under the Share Option Scheme, it will not, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time from the date of the Hong Kong Underwriting Agreement until the expiry of six months from the Listing Date including the day falling six months after the Listing Date (the "First Lock-up Period"):

(1) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right, warrant or contract to purchase or subscribe for, lend, purchase any option, right, warrant or

contract to sell, or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of the Company or any interest therein (including, but not limited to, any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such Shares or equity securities or any interest therein); or

(2) enter into any swap, derivative, lending, mortgage or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of such Shares or equity securities or any interest therein; or

(3) enter into any transaction with the same economic effect as any transaction described in paragraphs (1) or (2) above; or

(4) agree or contract to, or publicly announce any intention to enter into, any transaction described in (1), (2) or (3) above,

whether any of the foregoing transactions described in sub-paragraphs (1) to (3) above is to be settled by delivery of Shares or such other equity securities of the Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other equity securities will be completed within the aforesaid period).

If the Company enters into any of the foregoing transactions described in sub-paragraphs (1) to (3) above during the period of six months commencing on the date on which the First Lock-up Period expires (the "Second Lock-up Period"), the Company must take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Undertakings by our Controlling Shareholders

Under the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has jointly and severally undertaken to the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or if applicable, the Stock Borrowing Agreement and the Capitalization Issue, none of the Controlling Shareholders will, without the prior written consent of the Joint Global Coordinators, at any time during the First Six-Month Period:

(1) offer, pledge, charge, mortgage, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any of the Shares or other equity securities of the Company or any interest therein (including, but not limited

to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such Shares or equity securities or any interest therein) whether now owned or hereinafter acquired, owned directly by the Controlling Shareholders (including holding as a custodian) or with respect to which any of the Controlling Shareholders has beneficial ownership (collectively the "Lock-up Shares"); or

(2) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any such Shares or equity securities of the Company or any interest therein; or

(3) enter into any transaction with the same economic effect as any transaction described in (1) or (2) above; or

(4) agree or contract to, or publicly announce any intention to enter into, any transaction described in (1) to (3) above,

whether any such transaction described in (1), (2) or (3) above is to be settled by delivery of Shares or such other equity securities of the Company, as applicable, in cash or otherwise (whether or not the issue of Shares or other equity securities will be completed within the aforesaid period).

During the Second Lock-up Period, the Controlling Shareholders will not enter into any of the foregoing transactions in sub-clauses (1), (2) or (3) above or agree or contract to, or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of the Controlling Shareholders will cease to be a "controlling shareholder" (as defined under the Listing Rules) of the Company.

Until the expiry of the Second Lock-up Period, in the event that any of the Controlling Shareholders enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company, provided that nothing in this term shall prevent any of the Controlling Shareholders from reasonable use of the Shares or other securities of the Company beneficially owned by him/it as security in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)).

International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with, inter alia, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will severally agree to subscribe or purchase or procure subscribers for the International Offering Shares being offered pursuant to the International Offering.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the date of the Price Determination Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 37,500,000 additional Shares representing 15% of the Offer Shares initially offered under the Global Offering, at the same price per Share under the International Offering to cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) will receive underwriting commissions at the rate of 2.3% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering (before adjustment and reallocation) less the number of unsubscribed Hong Kong Offer Shares reallocated to the International Offering. The Sole Sponsor is entitled to sponsor fee in the amount of US$500,000. Furthermore, our Company may, at its sole and absolute discretion, to pay to the Joint Global Coordinators (for themselves and on behalf of the Underwriters) a discretionary incentive fee.

The aggregate underwriting commissions, incentive fee (if any), documentation fee, listing fees, Stock Exchange trading fee and transaction levy, legal and other professional fees, and printing and other expenses in relation to the Global Offering are estimated to amount to approximately RMB60.4 million in total (based on the Offer Price of HK$4.15 per Share, being the mid-point of the indicative Offer Price range of HK$3.60 to HK$4.70 per Share and assuming the Over-allotment Option is not exercised), and are payable by our Company.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters, together referred to as "Syndicate Members", may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or the stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares,

entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described in the sections headed "Structure and Conditions of the Global Offering — Over-allotment Option and Stock Borrowing Arrangement" and "Structure and Conditions of the Global Offering — Stabilization". These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

When engaging in any of these activities, it should be noted that the Syndicate Members are subject to certain restrictions, including the following:

- the Syndicate Members (other than the stabilizing manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

UNDERWRITERS' INTERESTS IN OUR COMPANY

The Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set out in "— Underwriting Arrangements and Expenses — Commissions and Expenses" in this section.

Save for their obligations under the Underwriting Agreements, as of the Latest Practicable Date, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Global Offering.

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 GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of 25,000,000 Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in "— The Hong Kong Public Offering" in this section below; and

(b) the International Offering of 225,000,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States (including professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S.

The 250,000,000 Offer Shares initially being offered in the Global Offering will represent 25% of our enlarged total number of issued Shares immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in "Underwriting" in this prospectus.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not apply under both of these methods for the Offer Shares.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators, on behalf of the Underwriters, agreeing on the Offer Price. The Hong Kong Public Offering and the International Offering are subject to the conditions set forth in "— Conditions of the Global Offering" in this section. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are expected to be conditional upon each other.

Number of Shares Initially Offered

The Hong Kong Public Offering is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions set forth in the Hong Kong Underwriting Agreement and described in "— Conditions of the Global Offering" in this section) for the subscription in Hong Kong of, initially 25,000,000 Shares at the Offer Price (representing 10% of the total number of the Offer Shares).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors.

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation) is to be divided into two pools for allocation purposes: Pool A and Pool B. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 12,500,000 and 12,500,000, respectively. The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5.0 million and up to a total value of Pool B (excluding the brokerage, SFC transaction levy and the 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 Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for 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 Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 12,500,000 Hong Kong Offer Shares (being 50% of the 25,000,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering,

then an additional 50,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 75,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering prior to the exercise of the Over-allotment Option;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then an additional 75,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 100,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering prior to the exercise of the Over-allotment Option; and

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then an additional 100,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 125,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering prior to the exercise of the Over-allotment Option.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may in their sole discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering under the condition that (1) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (2) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering. In such event, the Joint Global Coordinators have the authority to reallocate International Offer Shares originally allocated in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, (1) the number of International Offer Shares reallocated to the Hong Kong Public Offering should not exceed 25,000,000 Shares, such that the total number of Hong Kong Offer Shares will not exceed 50,000,000 Shares, representing 20% of the Offer Shares initially available under the Global Offering; and (2) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e. HK$3.60 per Offer Share) stated in this prospectus.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Joint Global Coordinators deems appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$4.70 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "— Pricing and Allocation" below, is less than the maximum price of HK$4.70 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

The International Offering is expected to be fully underwritten by the International Underwriters on a several basis. The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

Number of Offer Shares Offered

Subject to reallocation as described above, the International Offering will consist of an initial offering of 225,000,000 Shares offered by the Company, representing 90% of the total number of Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised). The International Offering will be offered by us outside of the United States in reliance on Regulation S.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, 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 Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators 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 application of Offer Shares under the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION AND STOCK BORROWING ARRANGEMENT

We expect to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 37,500,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to cover over-allocations in the International Offering, if any.

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time from the date of the International Underwriting Agreement up to the 30th day after the last day for lodging of applications under the Hong Kong Public Offering and from time to time, to require the Company to allot and issue up to an aggregate of 37,500,000 additional Offer Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share at which Offer Shares were initially offered under the International Offering, to cover over-allocations in the International Offering, if any, on the same terms and conditions as the Offer Shares that are subject to the Global Offering. The Joint Global Coordinators may, at their option, also cover such over-allocations by purchasing the Offer Shares in the secondary market or through stock borrowing arrangements from holders of Shares or exercise of Over-allotment Option, or by a combination of these means or otherwise

as may be permitted under applicable laws, rules and regulations. If the Joint Global Coordinators exercise the Over-allotment Option in full, the additional Offer Shares will represent approximately 3.6% of the Company's enlarged total number of issued Shares immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

In order to facilitate settlement of over-allocations in connection with the International Offering, the Stabilizing Manager may choose to borrow up to 37,500,000 shares from WeiZheng pursuant to the Stock Borrowing Agreement. The stock borrowing arrangement under the Stock Borrowing Agreement will comply with the requirement set out in Rule 10.07(3) of the Listing Rules.

PRICING AND ALLOCATION

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 about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Joint Global Coordinators on the Price Determination Date, which is expected to be on or about Friday, July 3, 2020 and in any event no later than Wednesday, July 8, 2020.

The Offer Price will not be more than HK$4.70 per Offer Share and is expected to be not less than HK$3.60 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Global Coordinators (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. 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, cause there to be published on the website of our Company (**http://www.zhenrowy.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) notices of the reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Joint Global Coordinators, will be fixed within such revised Offer Price

range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Joint Global Coordinators, will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their 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. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

If applicants have already submitted applications for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, they will not be allowed to subsequently withdraw their applications. 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.

Save for any subsequent changes in the number of Offer Shares and/or the Offer Price range, the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of and results of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Thursday, July 9, 2020 on the website of our Company (**http://www.zhenrowy.com**) and the website of the Stock Exchange (**www.hkexnews.hk**).

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager, as stabilizing manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. CCB International Capital Limited has been appointed as the Stabilizing Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO.

Any such stabilizing activity will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong on stabilization including the Securities and Futures (Price Stabilizing) Rules made under the SFO. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. Any such stabilization activity is required to be brought to an end within 30 days after the last date for lodging application under the Hong Kong Public Offering which is expected to be on or around Sunday, August 2, 2020. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be sold upon exercise of the Over-allotment Option, being 37,500,000 Shares, which is 15% of the Offer Shares initially available under the Global Offering.

Following any over-allotment of Shares in connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period to cover such over-allotment. The possible stabilizing action which may be taken by the Stabilizing Manager, its affiliates or any person acting for it in connection with the Global Offering may involve (1) purchases of Shares, (2) establishing, hedging and liquidating positions in Shares, (3) exercising the Over-allotment Option in whole or in part, (4) stock borrowing and/or (5) offering or attempting to do any of (1), (2), (3) or (4) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;

- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on Sunday, August 2, 2020, being the 30th day after the date of closing of the application lists under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, 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 stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the Joint Global Coordinators, their affiliates or any person acting for them may cover such over-allocation by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangements mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 15% of the Offer Shares, representing no more than 37,500,000 of the Offer Shares initially available under the Global Offering.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting the approval for listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement and the Stock Borrowing Agreement on or before the Price Determination Date; and

(d) 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 and remaining 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 or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times);

in each case on or before the dates and times specified in the respective Underwriting Agreements (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 date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators on or before Wednesday, July 8, 2020, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of our Company at **http://www.zhenrowy.com** and on the website of the Stock Exchange at **www.hkexnews.hk** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in (a) 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).

We expect to issue share certificates for the Offer Shares on Thursday, July 9, 2020. Share certificates issued in respect of Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that (1) the Global Offering has become unconditional in all respects and (2) the right of termination as described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

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

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

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made for the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies 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 on the Stock Exchange or any other date HKSCC chooses. 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 activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, July 10, 2020, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, July 10, 2020. The Shares will be traded in board lots of 1,000 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 Offering 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, the Joint Global Coordinators, 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 the 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: (1) have a valid Hong Kong identity card number and (2) 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 authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made through an authorized attorney, the Company and the Joint Global Coordinators may accept or reject your application 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 its subsidiaries;
- are a director or chief executive of our Company and/or any of its subsidiaries;
- are a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of the Company immediately upon completion of the Global Offering;
- are a close associate (both as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Offering 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 between from 9:00 a.m. on Monday, June 29, 2020 until 12:00 noon on Friday, July 3, 2020 from:

(i) the following offices of the Hong Kong Underwriters:

CCB International Capital Limited

12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong

Zhenro Securities Co. Limited

62B BOC Tower, 1 Garden Road, Central, Hong Kong

Guotai Junan Securities (Hong Kong) Limited

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

BNP Paribas Securities (Asia) Limited

59/F, Two International Finance Centre, Hong Kong

Haitong International Securities Company Limited

22/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong

China Industrial Securities International Capital Limited

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

CRIC Securities Company Limited

Room 2007&2403, Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong Kong

Shenwan Hongyuan Securities (H.K.) Limited

Level 19, 28 Hennessy Road Hong Kong

I Win Securities Limited

Room 1916 Hong Kong Plaza, 188 Connaught Road West, Sai Wan, Hong Kong

Futu Securities International (Hong Kong) Limited

Unit C1-2, 13/F, United Centre, No.95 Queensway, Hong Kong

(ii) any of the designated branches of the receiving bank:

Bank of China (Hong Kong) Limited

District	Branch Name	Address
Hong Kong	Aberdeen Branch	25 Wu Pak Street Aberdeen Hong Kong
	North Point (King's Centre) Branch	193-209 King's Road North Point Hong Kong
Kowloon	Telford Plaza Branch	Shop Unit P2-P7, Telford Plaza No.33 Wai Yip Street Kowloon Bay Kowloon
	Jordan Road Branch	1/F, Sino Cheer Plaza 23-29 Jordan Road Kowloon
	Castle Peak Road (Cheung Sha Wan) Branch	365-371 Castle Peak Road Cheung Sha Wan Kowloon
New Territories	City One Sha Tin Branch	Shop Nos.24-25, G/F Fortune City One Plus No.2 Ngan Shing Street Sha Tin New Territories
	Tseung Kwan O Plaza Branch	Shop 112-125, Level 1 Tseung Kwan O Plaza Tseung Kwan O New Territories
	Yuen Long (Hang Fat Mansion) Branch	8-18 Castle Peak Road Yuen Long New Territories

CMB Wing Lung Bank Limited

District	Branch Name	Address
Hong Kong Island	Kennedy Town Branch	28 Catchick Street
	North Point Branch	361 King's Road

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, June 29, 2020 until 12:00 noon on Friday, July 3, 2020 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 check or a banker's cashier order attached and marked payable to BANK OF CHINA (HONG KONG) NOMINEES LIMITED – ZHENRO SERVICES PUBLIC OFFER for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Monday, June 29, 2020 — 9:00 a.m. to 5:00 p.m.
Tuesday, June 30, 2020 — 9:00 a.m. to 5:00 p.m.
Thursday, July 2, 2020 — 9:00 a.m. to 5:00 p.m.
Friday, July 3, 2020 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, July 3, 2020, 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.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By completing and 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 authorize our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Cayman Islands Companies Law, the Company Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and 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 Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(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 advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (1) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (2) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund check(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 "— Personal Collection" in this prospectus to collect the share certificate(s) and/or refund check(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 and the Joint Global Coordinators 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 through 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 (1) 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 (2) 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 the Company. If you apply through the designated website, you authorize 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

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 Monday, June 29, 2020 until 11:30 a.m. on Friday, July 3, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, July 3, 2020 or such later time under the "— 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, 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** 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 "ZHENRO SERVICES GROUP LIMITED" **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 +852 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 authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators 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:

(1) 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;

(2) 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 authorized to give those instructions as their agent;

- confirm that you understand that our Company, the Directors and the Joint Global Coordinators 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;

- authorize our Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send 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, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving bank, the Joint Global Coordinators, the Underwriters and/or its respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- 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 the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (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 authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 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[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, June 29, 2020 — 9:00 a.m. to 8:30 p.m.
Tuesday, June 30, 2020 — 8:00 a.m. to 8:30 p.m.
Thursday, July 2, 2020 — 8:00 a.m. to 8:30 p.m.
Friday, July 3, 2020 — 8:00 a.m. to 12:00 noon

[1] These 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 Monday, June 29, 2020 until 12:00 noon on Friday, July 3, 2020 (24 hours daily, except on Friday, July 3, 2020, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, July 3, 2020, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Joint Global Coordinators, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

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, the Directors and the Joint Global Coordinators and 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 (1) submit a **WHITE** or **YELLOW** Application Form, or (2) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, July 3, 2020.

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 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 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).

See "Structure and Conditions of the Global Offering — Pricing and Allocation" in this prospectus for further details on the Offer Price.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning; or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 3, 2020. 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 or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, July 3, 2020 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in "Expected Timetable" in this prospectus, 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 Thursday, July 9, 2020, on the Company's website at **http://www.zhenrowy.com** 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 our Company's website at **http://www.zhenrowy.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, July 9, 2020;

- 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 am on Thursday, July 9, 2020 to 12:00 midnight on Wednesday, July 15, 2020;

- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Thursday July 9, 2020 to Friday, July 10, 2020 and Monday, July 13, 2020 to Tuesday, July 14, 2020;

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, July 9, 2020 to Saturday, July 11, 2020 at all the designated branches of receiving banks.

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 "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:

(1) 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 the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Hong Kong 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.

(2) If the Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, 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.

(3) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(4) 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 Offering 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 check or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believes 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 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$4.70 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 check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, July 9, 2020.

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 check(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (1) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (2) 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 check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

- Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund checks and share certificates are expected to be posted on or before Thursday, July 9, 2020. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, July 10, 2020 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section 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

(1) 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 check(s) and/or Share certificate(s) from our Company's 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 Thursday, July 9, 2020 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar.

If you do not collect your refund check(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 check(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, July 9, 2020, by ordinary post and at your own risk.

(2) 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 check(s) will be sent to the address on the relevant Application Form on or before Thursday, July 9, 2020, 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 Thursday, July 9, 2020, 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 the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, July 9, 2020 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.

(3) 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 our Company's 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 Thursday, July 9, 2020, or such other date as notified by the Company as the date of despatch/collection of share certificate s/e-Refund payment instructions/refund checks.

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 Thursday, July 9, 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(4) 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 Thursday, July 9, 2020, 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, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, July 9, 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, July 9, 2020 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, July 9, 2020. 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 Thursday, July 9, 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the approval for 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 advisor 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 Zhenro Services Group Limited, prepared for the purpose of incorporation in this prospectus received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Zhenro Services Group Limited
CCB International Capital Limited

Dear Sirs,

We report on the historical financial information of Zhenro Services Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-67, which comprises the consolidated 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 2017, 2018 and 2019 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and the statement of financial position of the Company as at 31 December 2018 and 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-4 to I-67 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 June 2020 (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 2017, 2018 and 2019 and the Company as at 31 December 2018 and 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.

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-4 have been made.

Dividends

We refer to note 11 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
29 June 2020

I HISTORICAL FINANCIAL INFORMATION

Preparation of 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 ("HKSAs") 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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Notes	**2017**	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*5*	**272,858**	**456,308**	**716,220**
Cost of sales		(202,539)	(335,325)	(471,731)
GROSS PROFIT		**70,319**	**120,983**	**244,489**
Other income and gain	*5*	713	3,522	6,314
Administrative expenses		(41,093)	(68,627)	(96,535)
Impairment losses on financial assets, net		(2,174)	(2,462)	(4,591)
Finance costs, net	*7*	(39)	(52)	(2,973)
Finance expense		(44,289)	(47,344)	(72,390)
Finance income		44,250	47,292	69,417
Share of loss of an associate		(23)	(98)	(222)
PROFIT BEFORE TAX	*6*	27,703	53,266	146,482
Income tax expense	*10*	(7,406)	(13,742)	(37,322)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**20,297**	**39,524**	**109,160**
Attributable to:				
Owners of the parent		20,297	39,612	105,358
Non-controlling interests		–	(88)	3,802
		20,297	39,524	109,160
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted	*12*	N/A	N/A	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	3,033	4,844	7,604
Right-of-use assets	*14(a)*	713	1,361	8,173
Investment properties	*15*	–	–	21,500
Goodwill	*16*	19,507	19,507	59,537
Other intangible assets	*17*	11,405	11,150	33,046
Investment in an associate	*18*	469	371	149
Deferred tax assets	*25*	5,580	5,698	9,903
Total non-current assets		40,707	42,931	139,912
CURRENT ASSETS				
Trade receivables	*19*	33,029	54,021	88,265
Due from related companies	*30*	534,227	659,300	50,848
Prepayments, deposits and other receivables	*20*	18,292	44,998	31,639
Cash and bank balances	*21*	101,029	49,843	218,442
Total current assets		686,577	808,162	389,194
CURRENT LIABILITIES				
Trade payables	*22*	17,149	23,314	48,461
Other payables and accruals	*23*	179,812	224,143	262,261
Due to related companies	*30*	3,767	3,387	1,520
Interest-bearing bank and other borrowings	*24*	–	20,000	3,000
Tax payable		8,492	22,332	40,517
Lease liabilities	*14(b)*	420	789	4,368
Total current liabilities		209,640	293,965	360,127
NET CURRENT ASSETS		**476,937**	**514,197**	**29,067**
TOTAL ASSETS LESS CURRENT LIABILITIES		**517,644**	**557,128**	**168,979**
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*24*	500,000	500,000	17,375
Lease liabilities	*14(b)*	297	549	6,300
Other payables	*23*	–	–	7,000
Deferred tax liabilities	*25*	2,851	2,559	10,244
Total non-current liabilities		503,148	503,108	40,919
NET ASSETS		14,496	54,020	128,060
EQUITY				
Equity attributable to owners of the parent				
Share capital	*26*	–	–	349
Reserves	*27*	14,496	54,108	111,153
		14,496	54,108	111,502
Non-controlling interests		–	(88)	16,558
TOTAL EQUITY		**14,496**	**54,020**	**128,060**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Issued capital	Capital reserve*	Merger reserve*	Statutory surplus reserves*	Retained profits/ (accumulated losses)*	Total	Non-controlling interests	Total equity
	RMB'000 *Note 26*	*RMB'000* *Note 27(a)*	*RMB'000* *Note 27(b)*	*RMB'000* *Note 27(c)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2017	–	–	10,000	37	(15,838)	(5,801)	–	(5,801)
Profit and total comprehensive income for the year	–	–	–	–	20,297	20,297	–	20,297
Transfer to statutory surplus funds	–	–	–	2,417	(2,417)	–	–	–
As at 31 December 2017 and 1 January 2018	–	–	10,000	2,454	2,042	14,496	–	14,496
Profit and total comprehensive income for the year	–	–	–	–	39,612	39,612	(88)	39,524
Transfer to statutory surplus funds	–	–	–	4,286	(4,286)	–	–	–
Issue of shares	–**	–**	–	–	–	–	–	–
As at 31 December 2018 and 1 January 2019	–	–	10,000	6,740	37,368	54,108	(88)	54,020
Profit and total comprehensive income for the year	–	–	–	–	105,358	105,358	3,802	109,160
Acquisition of a subsidiary *(note 28)*	–	–	–	–	–	–	12,844	12,844
Transfer to statutory surplus funds	–	–	–	13,325	(13,325)	–	–	–
Issue of shares	349	2,175	(2,524)	–	–	(2,524)	–	(2,524)
Capital distribution to the then shareholders for the Reorganisation	–	–	(47,964)	–	–	(47,964)	–	(47,964)
As at 31 December 2019	349	2,175	(40,488)	20,065	129,401	111,502	16,558	128,060

* These reserve accounts comprise the total consolidated reserves of RMB14,496,000, RMB54,108,000 and RMB111,153,000 in the consolidated statements of financial position as at 31 December 2017, 2018 and 2019, respectively.

** Amount less than RMB1,000.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December 2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		27,703	53,266	146,482
Adjustments for:				
Finance costs, net	*7*	39	52	2,973
Interest income	*5*	(384)	(641)	(976)
Share of loss of an associate	*18*	23	98	222
Fair value gains on investment properties	*6, 15*	–	–	(700)
Depreciation of property, plant and equipment	*6, 13*	686	1,057	1,927
Depreciation of right-of-use assets	*6, 14(a)*	392	730	3,166
Amortisation of other intangible assets	*6, 17*	292	1,197	3,933
Impairment of trade receivables	*6, 19*	2,069	2,037	4,742
Impairment/(reversal of impairment) of other receivables	*6, 20*	105	425	(151)
		30,925	58,221	161,618
Increase in trade receivables		(8,471)	(23,029)	(35,596)
Decrease/(increase) in prepayments, deposits and other receivables		18,029	(7,131)	15,155
Increase in amounts due from related companies		(5,914)	(25,359)	(15,093)
Increase/(decrease) in amounts due to related companies		976	526	(28)
Increase in trade payables		12,784	6,165	23,447
Increase in other payables and accruals		23,300	44,331	3,023
Cash generated from operations		71,629	53,724	152,526
Interest received		384	641	976
Interest paid		–	–	(2,378)
Tax paid		(3,551)	(312)	(25,905)
Net cash flows from operating activities		68,462	54,053	125,219
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment	*13*	(1,624)	(2,893)	(3,881)
Proceeds from disposal of items of property, plant and equipment		2	25	17
Interest received from a related company	*7*	44,250	47,292	69,417
Purchase of other intangible assets	*17*	–	(942)	(1,607)
Acquisition of a subsidiary	*28*	(14,900)	–	(44,023)
(Increase)/decrease in other receivables		–	(20,000)	20,000
Advances to related companies		(15,397)	(125,077)	(665,823)
Repayment from related companies		2,384	25,363	1,289,368
Net cash flows from/(used in) investing activities		14,715	(76,232)	663,468

	Note	Year ended 31 December		
		2017	2018	2019
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from related companies		4,578	1,907	11,180
Repayment to related companies		(9,959)	(2,813)	(13,019)
Cash distribution to the then shareholders for the Reorganisation		–	–	(47,964)
New bank loans		–	20,000	32,000
Repayment of bank and other loans		–	–	(531,625)
Interest paid	*7*	(44,250)	(47,292)	(69,417)
Lease payments including related interests		(427)	(809)	(1,243)
Net cash flows used in financing activities		(50,058)	(29,007)	(620,088)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		33,119	(51,186)	168,599
Cash and cash equivalents at beginning of year		67,910	101,029	49,843
CASH AND CASH EQUIVALENTS AT END OF YEAR		101,029	49,843	218,442
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*21*	101,029	49,843	218,442

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		31 December	
		2018	2019
	Notes	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Investments in subsidiaries*		–	2,524
CURRENT LIABILITIES			
Other payables		–	7
NET CURRENT LIABILITIES		–	7
NET ASSETS		–	2,517
EQUITY			
Equity attributable to owners of the parent			
Share capital	*26*	–	349
Reserves	*27*	–	2,168
TOTAL EQUITY		–	2,517

* As at 31 December 2018, the investments in the subsidiaries were nil as the reorganisation of the Group had not been completed by then.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands on 17 December 2018. The registered office address of the Company is Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, 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 正榮集團有限公司 ("Zhenro Group Company") (the "Then Parent Company") before the Reorganisation. The controlling shareholder of the Group is Mr. Ou Zongrong (the "Controlling Shareholder").

The Company and its subsidiaries now comprising the Group underwent the Reorganisation which was completed on 7 November 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:

Name	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Directly held:					
Future Prosperity Holdings Limited ("Future Prosperity (BVI)")	*(1)*	British Virgin Islands ("BVI")/ 22 January 2018	USD1,000	100%	Investment holding
Zhenro Services China Limited ("Zhenro Services (BVI)")	*(1)*	BVI/ 19 December 2018	USD1	100%	Investment holding
Indirectly held:					
Future Prosperity (HK) Limited ("Future Prosperity (HK)")	*(5)*	Hong Kong/ 20 February 2018	HKD1	100%	Investment holding
Zhenro Services Hong Kong Limited ("Zhenro Services (HK)")	*(5)*	Hong Kong/ 24 December 2018	HKD1	100%	Investment holding

Name	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
福州匯華企業管理諮詢有限公司 Fuzhou Huihua Management Consulting Co., Ltd. ("Fuzhou Huihua")*	*(5)*	People's Republic of China ("PRC")/Mainland China/ 31 January 2019	RMB5,000,000	100%	Investment holding
福建正榮物業服務有限公司 Fujian Zhenro Property Service Co., Ltd. ("Fujian Zhenro") .	*(2)*	PRC/Mainland China/ 8 March 2013	RMB10,000,000	100%	Property management
正榮物業服務有限公司 Zhenro Property Services Co., Ltd. ("Zhenro Property Services")	*(3)*	PRC/Mainland China/ 2 February 2000	RMB50,000,000	100%	Property management
福州正榮物業管理有限公司 Fuzhou Zhenro Property Management Co., Ltd. ("Fuzhou Zhenro").	*(1)*	PRC/Mainland China/ 17 September 2010	RMB1,000,000	100%	Property management
江西美時房地產經紀有限公司 Jiangxi Meishi Property Brokerage Co., Ltd. ("Jiangxi Meishi") .	*(5)*	PRC/Mainland China/ 6 June 2019	RMB2,000,000	100%	Property agency/ brokerage
湖北長房正榮物業服務有限公司 Hubei Changfang Zhenro Property Services Co., Ltd. ("Hubei Changfang Zhenro")	*(5)*	PRC/Mainland China/ 30 July 2018	RMB5,000,000	51%	Property management
宜春市首維達工程服務有限公司 Yichun Shou Weida Engineering Services Co., Ltd. ("Yichun Shouweida").	*(1)*	PRC/Mainland China/ 15 January 2015	RMB1,000,000	100%	Utilities installation and maintenance services
江蘇愛濤物業管理有限公司 Jiangsu Aitao Property Management Co., Ltd. ("Jiangsu Aitao"). .	*(4)*	PRC/Mainland China/ 21 February 2001	RMB10,000,000	100%	Property management

Name	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
長沙愛濤物業管理有限公司 Changsha Aitao Property Services Co., Ltd. ("Changsha Aitao")	*(5)*	PRC/Mainland China/ 6 March 2018	RMB5,000,000	100%	Property management
江蘇省蘇鐵物業管理有限責任公司 Jiangsu Sutie Property Management Co., Ltd. ("Jiangsu Sutie")	*(1)*	PRC/Mainland China/ 4 January 2001	RMB11,000,000	70%	Property management
正榮物業管理服務有限公司 Zhenro Property Management Services Co., Ltd. ("Zhenro Property Management") . . .	*(5)*	PRC/Mainland China/ 24 April 2019	RMB50,000,000	100%	Property management
蘇州可立房產經紀有限公司 Suzhou Keli Property Brokerage Co., Ltd. ("Suzhou Keli").	*(5)*	PRC/Mainland China/10 July 2019	RMB1,000,000	100%	Property agency services

* Fuzhou Huihua is registered as a wholly-foreign-owned enterprise under PRC law.

(1) No audited financial statements have been prepared for these entities for the years ended 31 December 2017 and 2018 as they are not subject to any statutory audit requirement under the relevant rules and regulations in their jurisdictions of incorporation or establishment.

(2) The statutory financial statements for the year ended 31 December 2017 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd (無錫東林會計師事務所有限公司), which is a certified public accounting firm registered in the PRC.

(3) The statutory financial statements for the years ended 31 December 2017 and 2018 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Wuxi Donglin Certified Public Accountants Co., Ltd (無錫東林會計師事務所有限公司) and Fujian Guanglian Certified Public Accountants Co., Ltd (福建廣聯會計師事務所有限公司), respectively, which are certified public accounting firms registered in the PRC.

(4) The statutory financial statements for the year ended 31 December 2018 prepared in accordance with PRC generally accepted accounting principles and regulations have been audited by Beijing Yongtuo Certified Public Accountants LLP Jiangsu Branch (北京永拓會計師事務所(特殊普通合夥)江蘇分所), which is a certified public accounting firm registered in the PRC.

(5) No audited financial statements have been prepared for these entities as they are newly set up in 2018 or 2019.

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to directly translate the Chinese names of these companies as they have not registered any official English names.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed "Reorganisation" 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 7 November 2019. The companies now comprising the Group were under the common control of Mr. Ou Zongrong (the "Controlling Shareholder") before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2017, 2018 and 2019 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the Controlling Shareholder and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

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"). All IFRSs effective for the accounting period commencing from 1 January 2018 and 1 January 2019, including IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and related amendments to IFRS 15, and IFRS 16 *Leases*, 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.

The Historical Financial Information has been prepared under the historical cost convention.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the Historical Financial Information:

Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[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 results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable.

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 in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investments retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Investment in an associate

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.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investment in associate.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations other than those under common control and goodwill

Business combinations for entities or business not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former

owners of the acquiree and the equity interests issued by the Group in exchange for control of 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 fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. 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, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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.

Fair value measurement

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 financial statements 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 deferred tax assets, financial assets and investment properties), 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, 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 the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. 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 over its estimated useful life. The principal annual rates used for this purpose are as follows:

Machinery	10%
Electronic equipment	20%
Motor vehicles	20%
Leasehold improvements	33%

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 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 the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The useful lives of other intangible assets are assessed to be either finite or indefinite. Other 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 other intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased 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.

Customer relationship

Customer relationship acquired in business combinations are recognised at fair value at the acquisition date. The Customer relationship have a finite useful life and are stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives, taking into account the prior experience of the renewal pattern of property management contracts, which is 10 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leased office building	3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease 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 termination of 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 its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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 of not adjusting the effect of a significant financing component, 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

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 consolidated statement 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

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 each reporting date, 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 30 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

For trade receivables that do not contain a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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 liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other trade and other payables, amounts due to related companies and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities 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

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, and only 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 asset and settle the liability simultaneously.

Cash and cash equivalents

For the purpose of the consolidated 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 consolidated 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 consolidation 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 an associate, 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, and 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:

- when 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 consolidation 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 an associate, 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) Property management services

The Group charged property management fees in respect of the property management services on a lump sum basis and on a commission basis.

On a lump sum basis, the Group is entitled to retain the full amount of received property management fees. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall.

Accordingly, on a lump sum basis, the Group recognises as revenue as the full amount of property management fees the Group charged to the property owners and property developers.

These services are performed by an indeterminate number of acts over a specified period of time. Accordingly, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other methods better represents the stage of completion, and the cost of services is recognised as incurred in connection with performing such services.

On a commission basis, the Group is entitled to a fixed amount of management fees which the property owners and property developers are obligated to pay over a specific contract period. The remainder of the management fees is used as property management working capital to cover the property management expenses associated with the property management work. In the event of a surplus of working capital after deducting the relevant property management expenses, the surplus is generally repayable to the customer. In the event of a shortfall of working capital to pay for the relevant property management expenses, the Group may need to make up for the shortfall and pay on behalf of the community management offices first, with a right to recover from the residents subsequently.

On a commission basis, the Group essentially acts as an agent of the property owners and property developers and accordingly, the Group only recognises as its revenue the predetermined property management fees on a straight-line basis over the specified contract period.

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

Revenue from value-added services to non-property owners including sales assistance services, additional tailored services customised, housing repair services, preliminary planning and design consultancy services and pre-delivery inspection services to property developers recognised at a point in time when such consultancy services have been provided.

The Group has a present right to payment for the cleaning, security, greening and repair and maintenance services to property developers at the pre-delivery stage which are recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(c) Community value-added services

Revenue from community value-added services is recognised when the related services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group.

(d) 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 or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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 recognised when the payment is received or the payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and other intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Employee benefits

Pension scheme

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. The subsidiaries operating in Mainland China are required to contribute a certain percentage 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.

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. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. 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 functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements 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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2017, 2018 and 2019, the carrying amounts of goodwill were RMB19,507,000, RMB19,507,000 and RMB59,537,000, respectively. Further details are given in note 16 to the Historical Financial Information.

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 (i.e., by geography, customer type and rating).

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., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, 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. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the Historical Financial Information.

Impairment of non-financial long-term assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets, including right-of-use assets, property, plant and equipment and other intangible assets at the end of each of the Relevant Periods. These non-financial long-term assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. 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 or lease 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.

Estimation of fair value of investment properties

The valuation of the investment properties involves estimates and assumption on items such as the selection of comparable properties and market price.

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources for estimation of fair value of investment properties, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of property management services, value-added services to non-property owners and value-added services to customers. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

During the Relevant Periods, the Group operated within one geographical location because all of its revenue was generated in the Mainland China and all of its long-term assets/capital expenditure were located/incurred in the Mainland China. Accordingly, no geographical information is presented.

Information about major customers

For the years ended 31 December 2017, 2018 and 2019, revenue from Zhenro Property Holdings (as defined in note 30) and its subsidiaries ("Zhenro Properties Group") contributed 33.5%, 26.9% and 22.1% of the Group's revenue, respectively. Other than the revenue from Zhenro Properties Group, no revenue derived from 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.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the property management services, value-added services to non-property owners and community value-added services during each of the Relevant Periods.

An analysis of revenue and other income and gains is as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
Property management services	146,823	248,058	342,314
Value-added services to non-property owners	110,352	149,591	262,255
Community value-added services	15,683	58,659	111,651
	272,858	456,308	716,220

Revenue from contracts with customers

(i) Disaggregated revenue information

	Property management services	Value-added services to non-property owners	Community value-added services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2017				
Type of goods or services				
Rendering of services	146,823	110,352	15,683	272,858
Geographical market				
Mainland China	146,823	110,352	15,683	272,858
Timing of revenue recognition				
Revenue recognised over time	146,823	97,366	13,244	257,433
Revenue recognised at a point in time	–	12,986	2,439	15,425
Total revenue from contracts with customers	146,823	110,352	15,683	272,858
For the year ended 31 December 2018				
Type of goods or services				
Rendering of services	248,058	149,591	58,659	456,308
Geographical market				
Mainland China	248,058	149,591	58,659	456,308
Timing of revenue recognition				
Revenue recognised over time	248,058	119,639	26,424	394,121
Revenue recognised at a point in time	–	29,952	32,235	62,187
Total revenue from contracts with customers	248,058	149,591	58,659	456,308

	Property management services	Value-added services to non-property owners	Community value-added services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2019				
Type of goods or services				
Rendering of services	342,314	262,255	111,651	716,220
Geographical market				
Mainland China	342,314	262,255	111,651	716,220
Timing of revenue recognition				
Revenue recognised over time	342,314	213,001	41,758	597,073
Revenue recognised at a point in time	–	49,254	69,893	119,147
Total revenue from contracts with customers	342,314	262,255	111,651	716,220

The following table shows the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at beginning of year:			
Property management services	26,589	59,629	84,246

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Interest income	384	641	976
Government grants	156	2,701	1,522
Rental income	–	–	2,615
Others	172	180	501
	712	3,522	5,614
Gain			
Fair value gain on investment properties	–	–	700
Gain on disposal of items of property, plant and equipment	1	–	–
	713	3,522	6,314

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		
		2017	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cost of services provided*		202,539	335,325	471,731
Depreciation of property, plant and equipment	*13*	686	1,057	1,927
Depreciation of right-of-use assets	*14(a)*	392	730	3,166
Amortisation of other intangible assets	*17*	292	1,197	3,933
Lease payments not included in the measurement of lease liabilities	*14(c)*	458	1,848	3,295
Auditor's remuneration		37	539	1,476
Impairment of financial assets, net				
Impairment of trade receivables, net	*19*	2,069	2,037	4,742
Impairment/(reversal of impairment) of other receivables, net	*20*	105	425	(151)
Gain on disposal of items of property, plant and equipment		1	–	–
Fair value gains on investment properties	*15*	–	–	(700)
Employee benefit expense (including directors' and chief executive's remuneration *(note 8)*):				
Wages, salaries and other allowances		154,261	234,653	290,784
Pension scheme contributions and social welfare		20,767	34,560	37,815
		175,028	269,213	328,599

* Amounts of RMB147,489,000, RMB222,512,000 and RMB278,286,000 of employee benefit expenses were included in "Costs of services provided" in profit or loss during the years ended 31 December 2017, 2018 and 2019, respectively.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank and other borrowings	44,250	47,292	71,795
Less: Interests charged to a related company controlled by the Controlling Shareholder	(44,250)	(47,292)	(69,417)
Interest expense on lease liabilities	39	52	595
	39	52	2,973

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

On 6 December 2019, Mr. Huang Liang and Mr. Huang Sheng were appointed as executive directors of the Company and Mr. Chan Wai Kin was appointed as a non-executive director of the Company. Mr. Huang Xianzhi was appointed as a non-executive director and the chairman of the board of directors of the Company on 6 December 2019.

Certain of the directors received remunerations from the group entities now comprising the Group prior to their appointment as the directors of the Company. Details of the remuneration received or receivable by the directors from the group entities are as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	627	752	2,010
Performance related bonuses	54	54	3,065
Pension scheme contributions and social welfare	86	109	163
	767	915	5,238

(a) Independent non-executive directors

Subsequent to the end of Relevant Periods, Mr. Au Yeung Po Fung, Mr. Ma Haiyue and Mr. Zhang Wei were appointed as independent non-executive directors of the Company on 10 June 2020. There was no emolument payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and non-executive directors

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. Huang Liang	–	627	54	86	767
Mr. Huang Sheng	–	–	–	–	–
	–	627	54	86	767
Non-executive directors:					
Mr. Huang Xianzhi	–	–	–	–	–
Mr. Chan Wai Kin	–	–	–	–	–
	–	–	–	–	–

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. Huang Liang	–	752	54	109	915
Mr. Huang Sheng . . .	–	–	–	–	–
	–	752	54	109	915
Non-executive directors:					
Mr. Huang Xianzhi . . .	–	–	–	–	–
Mr. Chan Wai Kin . . .	–	–	–	–	–
	–	–	–	–	–

Year ended 31 December 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. Huang Liang	–	1,446	2,170	115	3,731
Mr. Huang Sheng . . .	–	564	895	48	1,507
	–	2,010	3,065	163	5,238
Non-executive directors:					
Mr. Huang Xianzhi . . .	–	–	–	–	–
Mr. Chan Wai Kin . . .	–	–	–	–	–
	–	–	–	–	–

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2017, 2018 and 2019 included 1 director, 1 director and 2 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended 31 December 2017, 2018 and 2019 of the remaining 4, 4 and 3 highest paid employees who are neither a director nor chief executive of the Company, respectively, are as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	2,091	2,653	3,152
Performance related bonuses	270	196	2,328
Pension scheme contributions and social welfare	310	511	292
	2,671	3,360	5,772

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		
	2017	2018	2019
	Number of individuals		
Nil to HK$500,000	2	–	–
HK$500,001 to HK$1,000,000	2	4	–
HK$1,000,001 to HK$1,500,000	–	–	–
HK$1,500,001 to HK$2,000,000	–	–	1
HK$2,000,001 to HK$2,500,000	–	–	2
Total	4	4	3

10. 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 in the PRC are qualified as small low-profit enterprises and thus entitled to a preferential tax rate of 10% for the Relevant Periods.

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Current – Mainland China:			
Charge for the year	9,556	14,152	42,195
Deferred tax *(note 25)*	(2,150)	(410)	(4,873)
Total tax charge for the year	7,406	13,742	37,322

A reconciliation of 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 tax rate for each of the Relevant Periods is as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	27,703	53,266	146,482
At the effective income tax rate	6,927	13,317	36,622
Lower tax rate for specific provinces or enacted by local authority	–	–	(22)
Loss attributable to an associate	6	25	56
Expenses not deductible for tax	473	400	666
Tax charge at the Group's effective rate	7,406	13,742	37,322

11. DIVIDENDS

No dividends have been paid or declared by the Company since its incorporation.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results of the Group for the Relevant Periods on the basis as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

	Machinery	Electronic equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2017					
At 31 December 2016 and 1 January 2017:					
Cost	197	2,953	477	–	3,627
Accumulated depreciation	(48)	(1,365)	(363)	–	(1,776)
Net carrying amount	149	1,588	114	–	1,851
At 1 January 2017, net of accumulated depreciation	149	1,588	114	–	1,851
Additions	207	1,248	12	157	1,624
Acquisition of a subsidiary *(note 28)*	2	104	139	–	245
Disposals	–	(1)	–	–	(1)
Depreciation provided during the year *(note 6)*	(21)	(519)	(86)	(60)	(686)
At 31 December 2017, net of accumulated depreciation	337	2,420	179	97	3,033
At 31 December 2017:					
Cost	406	4,303	628	157	5,494
Accumulated depreciation	(69)	(1,883)	(449)	(60)	(2,461)
Net carrying amount	337	2,420	179	97	3,033

	Machinery	Electronic equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018					
At 31 December 2017 and 1 January 2018:					
Cost	406	4,303	628	157	5,494
Accumulated depreciation	(69)	(1,883)	(449)	(60)	(2,461)
Net carrying amount	337	2,420	179	97	3,033
At 1 January 2018, net of accumulated depreciation	337	2,420	179	97	3,033
Additions	201	2,073	20	599	2,893
Disposals	(9)	(9)	(7)	–	(25)
Depreciation provided during the year *(note 6)*	(50)	(794)	(16)	(197)	(1,057)
At 31 December 2018, net of accumulated depreciation	479	3,690	176	499	4,844
At 31 December 2018:					
Cost	597	6,351	496	756	8,200
Accumulated depreciation	(118)	(2,661)	(320)	(257)	(3,356)
Net carrying amount	479	3,690	176	499	4,844
At 31 December 2019					
At 31 December 2018 and 1 January 2019:					
Cost	597	6,351	496	756	8,200
Accumulated depreciation	(118)	(2,661)	(320)	(257)	(3,356)
Net carrying amount	479	3,690	176	499	4,844
At 1 January 2019, net of accumulated depreciation	479	3,690	176	499	4,844
Additions	105	1,647	81	2,048	3,881
Acquisition of a subsidiary *(note 28)*	190	28	605	–	823
Disposals	(4)	–	(13)	–	(17)
Depreciation provided during the year *(note 6)*	(160)	(1,035)	(82)	(650)	(1,927)
At 31 December 2019, net of accumulated depreciation	610	4,330	767	1,897	7,604
At 31 December 2019:					
Cost	860	7,824	919	2,804	12,407
Accumulated depreciation	(250)	(3,494)	(152)	(907)	(4,803)
Net carrying amount	610	4,330	767	1,897	7,604

14. LEASES

The Group as a lessee

The Group leases certain units in buildings as its office spaces. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. The lease terms are ranging from three years to five years.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during each of the Relevant Periods are as follows:

	31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Office building			
At beginning of year	663	713	1,361
Addition	442	1,378	9,978
Depreciation charge *(note 6)*	(392)	(730)	(3,166)
At end of year	713	1,361	8,173

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during each of the Relevant Periods are as follows:

	31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year	663	717	1,338
New leases	442	1,378	9,978
Accretion of interest recognised during the year	39	52	595
Payments	(427)	(809)	(1,243)
Carrying amount at end of year	717	1,338	10,668
Analysed into:			
Current lease liabilities	420	789	4,368
Non-current lease liabilities	297	549	6,300

The maturity analysis of lease liabilities is disclosed in note 34 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	39	52	595
Depreciation charge of right-of-use assets	392	730	3,166
Expense relating to short-term leases (included in administrative expenses)	346	1,415	2,961
Expense relating to leases of low-value assets (included in administrative expenses)	112	433	334
Total amount recognised in profit or loss	889	2,630	7,056

The Group as a lessor

The Group leases its investment properties (note 16) consisting of car parks in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year ended 31 December 2019 was RMB2,615,000, details of which are included in note 5 to the Historical Financial Information.

At 31 December 2019, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	At 31 December 2019
Within one year	338
After one year but within two years	–
	338

15. INVESTMENT PROPERTIES

	2019
	RMB'000
Carrying amount at 1 January	–
Acquisition of a subsidiary *(note 28)*	20,800
Net gain from a fair value adjustment	700
Carrying amount at 31 December	21,500

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2019 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB21,500,000. The Group's senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2019 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement for:				
Commercial properties	–	–	21,500	21,500

During the Relevant Periods, there were no transfers of fair value measurements into or out of Level 3.

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range or weighted average
Car park spaces	Direct comparison method-based market observable transaction of and similar car park and adjusted to reflect the conditions of the subject properties	Market unit price per lot (the higher of the market unit price, the higher of the fair value)	RMB180,000 to RMB279,000

A significant increase in the market unit price per lot would result in a significant increase in the fair value of the investment properties.

16. GOODWILL

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Cost and carrying amount at beginning of year	–	19,507	19,507
Acquisition of a subsidiary *(note 28)*	19,507	–	40,030
Cost and carrying amount at end of year	19,507	19,507	59,537

Impairment testing of goodwill

During the Relevant Periods, the Group completed the acquisition of Jiangsu Aitao and Jiangsu Sutie for a consideration of RMB20,000,000 and RMB70,000,000, which resulted in the recognition of goodwill of RMB19,507,000 and RMB40,030,000, respectively.

For the purpose of impairment testing, the Group's goodwill acquired through the above business combinations were related to each subsidiary identified as a separate cash-generating unit ("CGU"). The recoverable amount of these CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period prepared by management.

As at 31 December 2017

CGU	Principal business	Goodwill	Annual revenue growth rate	Terminal growth rate	Discount rate
		RMB'000			
Jiangsu Aitao	Property management	19,507	5-7%	3%	15.0%

As at 31 December 2018

CGU	Principal business	Goodwill	Annual revenue growth rate	Terminal growth rate	Discount rate
		RMB'000			
Jiangsu Aitao	Property management	19,507	3-7%	3%	14.6%

As at 31 December 2019

CGU	Principal business	Goodwill	Annual revenue growth rate	Terminal growth rate	Discount rate
		RMB'000			
Jiangsu Aitao	Property management	19,507	3-5%	3%	13.9%
Jiangsu Sutie	Property management	40,030	5-8%	3%	14.2%

Assumptions were used in the value-in-use calculations of the above mentioned CGUs for the Relevant Periods. The following describes each key assumption on which management had based its cash flow projections of the CGUs to undertake impairment testing of goodwill:

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Annual revenue growth rate – The predicted revenue growth rate of CGUs for the five years subsequent to the date of assessment is one of the assumptions used in the value-in-use calculations.

Terminal growth rate – The terminal growth rate was estimated to be 3.0% which has taken into consideration of the prevailing industry practice.

Details of the headroom measured by excess of the recoverable amount over the carrying amount of the CGUs as at 31 December 2017, 2018 and 2019 are set out as follows:

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Jiangsu Aitao	5,143	12,889	22,589
Jiangsu Sutie	–	–	9,181
	5,143	12,889	31,770

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth the hypothetical changes to discount rate or annual revenue growth rate that would, in isolation, have removed the remaining headroom respectively as at 31 December 2017, 2018 and 2019:

	Jiangsu Aitao	Jiangsu Sutie
As at 31 December 2017		
Increase in discount rate	2.2%	–
Decrease in annual revenue growth rate	2.6%	–
As at 31 December 2018		
Increase in discount rate	5.1%	–
Decrease in annual revenue growth rate	8.8%	–
As at 31 December 2019		
Increase in discount rate	8.5%	1.3%
Decrease in annual revenue growth rate	11.2%	2.2%

At the end of each of the Relevant Periods, the directors of the Company considered there was no reasonably possible change in the key assumptions mentioned above would cause the carrying amount of CGUs to exceed their recoverable amount.

The directors of the Company determined that there was no impairment of its CGUs as of the end of each of the Relevant Period.

17. OTHER INTANGIBLE ASSETS

	Software	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2017			
At beginning of year:			
Cost	–	–	–
Accumulated amortisation	–	–	–
Net carrying amount	–	–	–
Carrying amount at beginning of year	–	–	–
Acquisition of a subsidiary *(note 28)*	–	11,697	11,697
Amortisation provided during the year *(note 6)*	–	(292)	(292)
Carrying amount at end of year	–	11,405	11,405

	Software	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*
At end of year:			
Cost	–	11,697	11,697
Accumulated amortisation	–	(292)	(292)
Net carrying amount	–	11,405	11,405
At 31 December 2018			
At beginning of year:			
Cost	–	11,697	11,697
Accumulated amortisation	–	(292)	(292)
Net carrying amount	–	11,405	11,405
Carrying amount at beginning of year	–	11,405	11,405
Additions	942	–	942
Amortisation provided during the year *(note 6)*	(27)	(1,170)	(1,197)
Carrying amount at end of year	915	10,235	11,150
At end of year:			
Cost	942	11,697	12,639
Accumulated amortisation	(27)	(1,462)	(1,489)
Net carrying amount	915	10,235	11,150
At 31 December 2019			
At beginning of year:			
Cost	942	11,697	12,639
Accumulated amortisation	(27)	(1,462)	(1,489)
Net carrying amount	915	10,235	11,150
Carrying amount at beginning of year	915	10,235	11,150
Additions	1,607	–	1,607
Acquisition of a subsidiary *(note 28)*	–	24,222	24,222
Amortisation provided during the year *(note 6)*	(341)	(3,592)	(3,933)
Carrying amount at end of year	2,181	30,865	33,046
At end of year:			
Cost	2,549	35,919	38,468
Accumulated amortisation	(368)	(5,054)	(5,422)
Net carrying amount	2,181	30,865	33,046

18. INVESTMENT IN AN ASSOCIATE

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	469	371	149

Particulars of the Group's associate are as follows:

Name	Registered and paid-up capital	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
南京愛濤豐匯物業管理有限公司 ("Ai Tao Feng Hui")	RMB500,000	PRC/Mainland China	48%	Property management

19. TRADE RECEIVABLES

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	35,973	59,002	97,502
Impairment	(2,944)	(4,981)	(9,237)
	33,029	54,021	88,265

Trade receivables mainly arise from property management services, value-added services to non-property owners and community value-added services.

Property management services, value-added services to non-property owners and community value-added services are received in accordance with the terms of the relevant agreements, which are due for payment upon the issuance of the demand notes.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	30,727	48,494	71,261
1 to 2 years	1,962	5,334	16,030
2 to 3 years	340	193	974
Over 3 years	–	–	–
	33,029	54,021	88,265

The movements in the loss allowance for impairment of trade receivables are as follows:

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	875	2,944	4,981
Impairment losses, net *(note 6)*	2,069	2,037	4,742
Amount written off as uncollectible	–	–	(486)
At end of year	2,944	4,981	9,237

The increase in the loss allowance during the years ended 31 December 2017, 2018 and 2019 was due to the significant changes in the gross carrying amount of the trade receivables which were past due.

An impairment analysis is performed at each reporting date 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 past due for more than three years and are 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 2017

	Past due				
	Less than one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	3.7%	14.4%	60.0%	100%	8.2%
Gross carrying amount (RMB'000)	31,913	2,291	850	919	35,973
Expected credit losses (RMB'000)	1,186	329	510	919	2,944

31 December 2018

	Past due				
	Less than one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	6.7%	11.2%	53.9%	100%	8.4%
Gross carrying amount (RMB'000)	52,004	6,009	419	570	59,002
Expected credit losses (RMB'000)	3,510	675	226	570	4,981

31 December 2019

	Past due				
	Less than one year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.7%	16.5%	63.6%	100%	9.5%
Gross carrying amount (RMB'000)	75,606	19,198	2,673	25	97,502
Expected credit losses (RMB'000)	4,345	3,168	1,699	25	9,237

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Payments on behalf of customers to utility suppliers	3,542	5,739	9,272
Other prepayments	3,905	7,676	8,508
Deposits	2,471	3,068	8,240
Advances to staff	834	1,644	1,996
Other receivables	7,870	27,626	4,227
	18,622	45,753	32,243
Impairment	(330)	(755)	(604)
	18,292	44,998	31,639

The movements in the loss allowance for impairment of prepayment and other receivables are as follows:

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	225	330	755
Impairment losses/(reversal of impairment), net *(note 6)*	105	425	(151)
Amount written off as uncollectible	–	–	–
At end of year	330	755	604

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 as at 31 December 2017, 2018 and 2019 was 2.2%, 2.0% and 2.5%, respectively.

21. CASH AND BANK BALANCES

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	101,029	49,843	218,442

At 31 December 2017, 2018 and 2019, all the group's cash and bank balances are 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.

22. TRADE PAYABLES

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	15,408	18,971	46,617
3 to 12 months	1,518	2,981	832
Over 1 year	223	1,362	1,012
	17,149	23,314	48,461

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

As at 31 December 2017, 2018 and 2019, the carrying amounts of trade payables approximated to their fair values.

23. OTHER PAYABLES AND ACCRUALS

		At 31 December		
		2017	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Current portion				
Contract liabilities	*(a)*	63,207	89,301	103,997
Deposits received		3,932	6,839	12,001
Consideration payables for acquisition of a subsidiary	*(b)*	–	–	14,000
Receipts on behalf of community residents		35,827	34,831	39,578
Payroll and welfare payable		64,719	73,926	70,865
Other tax payables		6,853	10,898	6,731
Others		5,274	8,348	15,089
		179,812	224,143	262,261
Non-current portion				
Consideration payables for acquisition of a subsidiary	*(b)*	–	–	7,000
		179,812	224,143	269,261

Notes:

(a) The contract liabilities as at the end of each of the Relevant Periods are related to short-term advances received from customers for its property management services. The Group receives payments from customers based on billing schedules as established in the property management contracts. A portion of payments is 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.

(b) As set out in note 28, the Group acquired a 70% interest in Jiangsu Sutie from independent third parties with a cash consideration of RMB70,000,000 on 1 January 2019. Pursuant to the share transfer agreement, this cash consideration will be settled by installments over three years.

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 31 December 2017			At 31 December 2018		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current						
Bank loans – unsecured	–	–	–	5.7	2019	20,000
Non-current						
Other borrowing – secured	9.0	2022	500,000	9.0~14.0	2022	500,000
			500,000			520,000

	At 31 December 2019		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Current portion of long term bank loans – secured	5.6	2020	1,500
bank loans – unsecured	5.2	2020	1,500
			3,000
Non-current			
Bank loans – secured	5.6	2024	10,000
Bank loans – unsecured	5.2	2024	7,375
			17,375
			20,375

	31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Repayable within one year	–	20,000	3,000
Repayable within two to five years	500,000	500,000	17,375
	500,000	520,000	20,375

The Group's borrowings are all denominated in RMB and bore interest at fixed rates.

As at 31 December 2017 and 2018, the Group's other borrowings of RMB500,000,000 and RMB500,000,000 from an independent third-party trust company was pledged by the future years' right of receiving management fees from certain properties under its management and 100% equity interests of Zhenro Property Services, and also guaranteed by Mr. Ou Zongrong, Ms. Lin Shuying and Zhenro Group Company, a company controlled by Mr. Ou Zongrong (note 30). The related guarantees have been released in 2019.

As at 31 December 2018, the Group's bank borrowings of RMB20,000,000 were guaranteed by Zhenro Group Company (note 30). The related guarantee has been released in 2019.

As at 31 December 2019, the Group's bank borrowings of RMB11,500,000 were pledged by 100% equity interests of Jiangsu Aitao.

The management of the Company has assessed that the fair values of the non-current interest-bearing bank and other 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.

25. DEFERRED TAX

Deferred tax assets

	Impairment of financial assets	Losses available for offsetting against future taxable profits	Accrued expenses	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	275	2,535	381	–	3,191
Deferred tax credited to profit or loss during the year *(note 10)*	543	996	538	–	2,077
Acquisition of a subsidiary *(note 28)*	312	–	–	–	312
At 31 December 2017	1,130	3,531	919	–	5,580
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	615	(1,616)	1,119	–	118
At 31 December 2018	1,745	1,915	2,038	–	5,698
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	1,148	1,324	1,048	2,673	6,193
Acquisitions of a subsidiary *(note 28)*	143	–	–	–	143
At 31 December 2019	3,036	3,239	3,086	2,673	12,034

Deferred tax liabilities

	Amortisation on intangible assets	Right-of-use assets	Change in fair value of Investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	–	–	–	–
Acquisition of a subsidiary *(note 27)*	2,924	–	–	2,924
Deferred tax charged to profit or loss during the year *(note 10)*	(73)	–	–	(73)
At 31 December 2017	2,851	–	–	2,851
Deferred tax charged to profit or loss during the year *(note 10)*	(292)	–	–	(292)
At 31 December 2018	2,559	–	–	2,559
Acquisition of a subsidiary *(note 28)*	6,055	–	2,441	8,496
Deferred tax charged to profit or loss during the year (note 10)	(898)	2,043	175	1,320
At 31 December 2019	7,716	2,043	2,616	12,375

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position as at 31 December 2019. The following is an analysis of the deferred tax balances for financial reporting purposes:

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	5,580	5,698	9,903
Net deferred tax liabilities recognised in the consolidated statements of financial position	2,851	2,559	10,244

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 2017, 2018 and 2019, 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. This is because the Company controls the dividend policy of the Mainland China subsidiaries and the directors determined that the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so such retained earnings are not likely to be distributed in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB24,275,000, RMB59,716,000 and RMB166,663,000 as at 31 December 2017, 2018 and 2019, respectively.

Deferred tax assets have not been recognised in respect of the following item:

	At 31 December		
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	2,171	–	–

Deferred tax assets have not been recognised in respect of the tax losses of arising in the Mainland China of RMB2,171,000, nil and nil, respectively, as at 31 December 2017, 2018 and 2019 as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group had tax losses arising in Mainland China of RMB16,296,000, RMB7,660,000 and RMB12,956,000 as at 31 December 2017, 2018 and 2019, respectively, that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose.

26. SHARE CAPITAL

	At 31 December		
	2017	2018	2019
Numbers of ordinary shares			
Authorised:			
Ordinary shares of US$1	N/A	950,000	1,000,000
Issued and fully paid			
Ordinary shares of US$1	N/A	950,000	1,000,000
Amounts			
Issued and fully paid			
Ordinary shares of US$1 (RMB'000)	–	–	349

The Company was incorporated in the Cayman Islands on 17 December 2018 with authorised share capital of US$950,000.00 divided into 950,000 shares of US$1.00 at par value each. Upon its incorporation, one fully-paid share of the Company was issued and allotted at par to an initial subscriber, an independent third party, and such share was transferred to WeiQiang Holdings Limited ("WeiQiang") at a cash consideration of US$1 on the same date. On the same date, 683,050 shares, 95,000 shares, 95,000 shares and 76,949 shares at the consideration of US$1 each were issued and allotted to WeiZheng Holdings Limited ("WeiZheng"), WeiYao Holdings Limited ("WeiYao"), WeiTian Holdings Limited ("WeiTian") and WeiQiang, respectively. WeiZheng, WeiYao and WeiTian were incorporated in the BVI with limited liability and wholly owned by Mr. Ou Zongrong. WeiQiang was incorporated in the BVI with limited liability and wholly owned by Mr. Ou Guoqiang.

On 18 October 2019, the authorised share capital of the Company was increased from US$950,000 to US$1,000,000 by the creation of additional 50,000 shares of US$1 each, such that following the increase in the authorised share capital, the authorised share capital of the Company was US$1,000,000 divided into 1,000,000 shares of US$1 each.

On 7 November 2019, Sky Bridge Limited ("Sky Bridge") transferred 1,000 shares of Future Prosperity (BVI), representing the entire issued share capital of Future Prosperity (BVI), to the Company in consideration of the issue of 50,000 shares of the Company of US$1 each to Sky Bridge. Upon completion of such transfer, each of Future Prosperity (BVI), Future Prosperity (HK) and Fuzhou Zhenro became the wholly-owned subsidiary of the Company.

27. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(a) Capital reserve

Pursuant to the share swap agreement on 7 November 2019, the Company issued 50,000 consideration shares of the Company of US$1 each to Sky Bridge in exchange for 1,000 shares of Future Prosperity (BVI), representing the entire issued share capital of Future Prosperity (BVI). The excess of the par value over the share capital of the Company was recognised as capital reserve.

(b) Merger reserve

The merger reserve of the Group represents the capital contribution of the then holding company of the companies now comprising the Group and after elimination of the investments in subsidiaries for the Reorganisation.

(c) 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 subsidiaries, 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 respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

The movements of the Company's reserves are as follows:

	RMB'000
Capital reserves:	
At 31 December 2018 and 1 January 2019	–
Issues of shares under a share swap agreement	2,175
At 31 December 2019	2,175

28. BUSINESS COMBINATIONS

31 December 2017

On 21 September 2017, the Group acquired a 100% interest in Jiangsu Aitao from independent third parties with a cash consideration of RMB20,000,0000. Jiangsu Aitao is engaged in the provision of property management and value-added services. The acquisition was made as part of the Group's strategy to expand its market share of property management operation in the Mainland China.

The fair values of identifiable assets acquired and liabilities assumed at the completion date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Cash and bank balances		5,100
Trade receivables		14,268
Prepayments, deposits and other receivables		13,617
Investment in an associate		492
Property, plant and equipment	*13*	245
Other intangible assets	*17*	11,697
Deferred tax assets	*25*	312
Trade payables		(2,063)
Other payables and accruals		(40,102)
Tax payable		(149)
Deferred tax liabilities	*25*	(2,924)
Total identifiable net assets at fair value		493
Goodwill on acquisition	*16*	19,507
Satisfied by cash		20,000

An analysis of the net outflow of cash and cash equivalents in respect of the above acquisition is as follows:

	RMB'000
Total cash consideration	(20,000)
Total cash and bank balances acquired	5,100
Net outflow of cash and cash equivalents in respect of the acquisition	(14,900)

Since the acquisition, the acquiree contributed totally RMB21,738,000 to the Group's revenue and a profit of RMB1,750,000 to the consolidated profit for the year ended 31 December 2017. Had the combination taken place at the beginning of the year, the consolidated revenue of the Group and the consolidated profit of the Group for the year ended 31 December 2017 would have been RMB333,115,000 and RMB24,330,000, respectively.

31 December 2019

On 1 January 2019, the Group acquired a 70% interest in Jiangsu Sutie from independent third parties with a cash consideration of RMB70,000,000. Jiangsu Sutie is engaged in the provision of property management and value-added services. The acquisition was made as part of the Group's strategy to expand its market share of property management operation in the Mainland China.

	Notes	Fair value recognised on acquisition RMB'000
Cash and bank balances		4,977
Trade receivables		3,390
Prepayments, deposits and other receivables		1,645
Investment properties	*15*	20,800
Property, plant and equipment	*13*	823
Other intangible assets	*17*	24,222
Deferred tax assets	*25*	143
Trade payables		(1,700)
Other payables and accruals		(1,095)
Tax payable		(1,895)
Deferred tax liabilities	*25*	(8,496)
Total identifiable net assets at fair value		42,814
Non-controlling interests		(12,844)
Goodwill on acquisition	*16*	40,030
Satisfied by cash		70,000

An analysis of the net outflow of cash and cash equivalents in respect of the above acquisition is as follows:

	RMB'000
Total cash consideration	(70,000)
Consideration to be paid subsequent to 31 December 2019 included in other payable	21,000
Total cash and bank balances acquired	4,977
Net outflow of cash and cash equivalents in respect of the acquisition	(44,023)

Since the acquisition, the acquiree contributed RMB36,512,000 to the Group's revenue and RMB10,987,000 to the consolidated profit for the year ended 31 December 2019.

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transaction

During the year ended 31 December 2017, 2018 and 2019, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB442,000, RMB1,378,000 and RMB9,978,000, respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Interest payables	Interest-bearing bank and other borrowings	Due to related companies	Lease liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	–	500,000	8,172	663
New leases	–	–	–	442
Interest expenses	–	–	–	39
Cash flows from operating activities	–	–	976	–
Cash flows from investing activities	44,250	–	–	–
Cash flows from financing activities	(44,250)	–	(5,381)	(427)
At 31 December 2017	–	500,000	3,767	717
New leases	–	–	–	1,378
Interest expenses	–	–	–	52
Cash flows from operating activities	–	–	526	–
Cash flows from investing activities	47,292	–	–	–
Cash flows from financing activities	(47,292)	20,000	(906)	(809)
At 31 December 2018	–	520,000	3,387	1,338
New leases	–	–	–	9,978
Interest expenses	2,378	–	–	595
Cash flows from operating activities	(2,378)	–	(28)	–
Cash flows from investing activities	69,417	–	–	–
Cash flows from financing activities	(69,417)	(499,625)	(1,839)	(1,243)
At 31 December 2019	–	20,375	1,520	10,668

30. RELATED PARTY TRANSACTIONS

(a) Name of related parties and relationship with the Group

Name of related party	Relationship with the Group
Mr. Ou Zongrong	Controlling Shareholder
Mr. Ou Guoqiang	A shareholder of the Company and son of Mr. Ou Zongrong
Ms. Lin Shuying	Spouse of Mr. Ou Zongrong
正榮集團有限公司 ("Zhenro Group Company")	Company controlled by the Controlling Shareholder
正榮地產控股股份有限公司 ("Zhenro Property Holdings")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
閩侯正榮正升置業發展有限公司 ("Minhou Zhengsheng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(福州)投資發展有限公司 ("Fuzhou Investment")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(馬尾)置業發展有限公司 ("Mawei Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang

Name of related party	Relationship with the Group
正升(福州)置業發展有限公司 ("Fuzhou Zhengsheng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正泰(福州)置業發展有限公司 ("Fuzhou Zhengtai")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
福州市馬尾區正榮房地產開發有限公司 ("Mawei Property")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(閩侯)投資發展有限公司 ("Minhou Investment")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
滁州正宏置業發展有限公司 ("Chuzhou Zhenghong")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
福建力沃置業有限公司 ("Fujian Liwo")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(閩侯)置業發展有限公司 ("Minhou Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(福州)置業發展有限公司 ("Fuzhou Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
福州正榮商業管理有限公司 ("Fuzhou Zhenro Commerce")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
贛州市正碧置業發展有限公司 ("Ganzhou Zhengbi")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
合肥正茂置業發展有限公司 ("Hefei Zhengmao")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
合肥正裕置業發展有限公司 ("Hefei Zhengyu")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
濟南正啟置業有限公司 ("Jinan Zhengqi")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
嘉興榮昱置業有限公司 ("Jiaxing Rongyu")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
嘉興卓驌房地產開發有限公司 ("Jiaxing Zhuosu")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南昌世歐房地產開發有限公司 ("Nanchang Shiou")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南昌正榮(新加坡)置業有限公司 ("Nanchang Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南昌正榮紅谷投資發展有限公司 ("Nanchang Honggu")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南昌正榮新建投資發展有限公司 ("Nanchang Xinjian")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南昌正榮正創置業有限公司 ("Nanchang Zhengchuang")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南昌正榮正興置業有限公司 ("Nanchang Zhenro Zhengxing")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南昌駿越房地產開發有限公司 ("Nanchang Junyue")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南京正榮德信房地產開發有限公司 ("Nanjing Dexin")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南京正榮房地產開發有限公司 ("Nanjing Property")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南京正榮江濱投資發展有限公司 ("Nanjing Investment")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南京正榮置業發展有限公司 ("Nanjing Development")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南京糧榮信房地產開發有限公司 ("Nanjing Liangrongxin")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(南平)置業發展有限公司 ("Nanping Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang

Name of related party	Relationship with the Group
嘉興榮坤置業有限公司 ("Jiaxing Rongkun")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮山田(平潭)投資發展有限公司 ("Pingtan Investment")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮山田(平潭)置業發展有限公司 ("Pingtan Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮山田正泰(平潭)置業發展有限公司 ("Zhenro Shantian Zhengtai")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正升(平潭)置業發展有限公司 ("Pingtan Zhengsheng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正鼎(福清)置業發展有限公司 ("Fuqing Zhengding")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正茂(平潭)置業發展有限公司 ("Pingtan Zhengmao")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正欣(平潭)置業發展有限公司 ("Pingtan Zhengxin")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(莆田)金融財富中心開發有限公司 ("Zhenro Putian Financial Wealth")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(莆田)投資發展有限公司 ("Putian Investment")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮玉湖(莆田)開發有限公司 ("Putian Yuhu")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮正宏(莆田)置業發展有限公司 ("Zhenro Zhenghong Putian")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正豐(莆田)置業發展有限公司 ("Putian Zhengfeng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮財富(福建)置業有限公司 ("Putian Fortune Center")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正潤(莆田)置業發展有限公司 ("Putian Zhengrun")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(莆田)房地產開發有限公司 ("Putian Property")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(莆田)置業發展有限公司 ("Putian Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(莆田)商業管理有限公司 ("Zhenro Putian Commerce")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
石獅市正升置業發展有限公司 ("Shishi Zhengsheng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮新產業發展有限公司 ("Zhenro new industrial")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮商業管理有限公司 ("Zhenro Commerce")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
上海榮顧創業投資有限公司 ("Shanghai Royi")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮集團蘇南(蘇州)投資有限公司 ("Suzhou Investment")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮蘇南(蘇州)房地產有限公司 ("Suzhou Property")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮蘇南(蘇州)置業發展有限公司 ("Suzhou Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮蘇通(蘇州)房地產開發有限公司 ("Suzhou Sutong")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
蘇州正利置業有限公司 ("Suzhou Zhengli")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
天津正榮正宏置業發展有限公司 ("Wuhan Zhengtai")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang

Name of related party	Relationship with the Group
正榮(天津)置業發展有限公司 ("Tianjin Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
蘇州正瑞置業發展有限公司 ("Suzhou Zhengrui Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
武漢正榮正泰置業有限公司 ("Wuhan Zhengro Zhengtai")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
西安正海置業有限公司 ("Xian Zhenghai")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
襄陽市長房正創置業有限公司 ("Xiangyang Zhengchuang")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
徐州正銘置業發展有限公司 ("Xuzhou Zhengming")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
江西省正榮房地產開發有限公司 ("Jiangxi Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
宜春金投置地有限公司 ("Yichun Jintou")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
長沙正榮正泰置業發展有限公司 ("Changsha Zhenro Zhengtai")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮(長沙)置業有限公司 ("Changsha Real Estate")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
鄭州新榮桂置業有限公司 ("Zhengzhou Xinronggui")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮御品(上海)置業發展有限公司 ("Shanghai Yupin")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮御園(上海)置業發展有限公司 ("Shanghai Yuyuan")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮御尊(上海)置業發展有限公司 ("Shanghai Yuzun")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮御天(上海)置業發展有限公司 ("Shanghai Yutian")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮御楓(上海)置業發展有限公司 ("Shanghai Yufeng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
宜春正創置業有限公司 ("Yinchun Zhenchuang")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
榮裕(莆田)置業有限公司 ("Putian Yurong")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
長沙正澤置業有限公司 ("Changsha Zhengze")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南京正江置業發展有限公司 ("Nanjing Zhengjiang")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南京正紫置業發展有限公司 ("Nanjing Zhengzi")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
蘇州正潤房地產開發有限公司 ("Suzhou Zhengrun")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正瑞(福清)置業發展有限公司 ("Fuqing Zhengrun")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮正興(天津)置業發展有限公司 ("Tianjin Zhengxing")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮榮域(天津)置業發展有限公司 ("Tianjin Rongyu")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
合肥榮金房地產開發有限公司 ("Hefei Rongjin")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
合肥榮瑞房地產開發有限公司 ("Hefei Rongrui")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
合肥榮森房地產開發有限公司 ("Hefei Rongseng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang

Name of related party	Relationship with the Group
泉州寶榮置業有限公司 ("Quanzhou Baorong")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
西安景齊房地產開發有限公司 ("Xian Jingqi")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
西安正頤置業有限公司 ("Xian Zhengyi")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
西安正傑房地產開發有限公司 ("Xian Zhengjie")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正惠程成都置業有限公司 ("Chengdu Zhenghuicheng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
漳州市正裕置業有限公司 ("Zhangzhou Zhengyu")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
重慶正珏置業發展有限公司 ("Chongqin Zhengyu")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
襄陽正耀房地產開發有限公司 ("Xiangyang Zhengyao")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
武漢正舟置業發展有限公司 ("Wuhan Zhengzhou")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
蘇州領瑞置業有限公司 ("Suzhou Lingrui")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
蘇州程瑞置業有限公司 ("Suzhou Chenrui")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
榮升(福州)置業發展有限公司 ("Fuzhou Rongsheng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
福州海光榮創置業有限公司 ("Fuzhou Haiguang")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
合肥榮豐房地產開發有限公司 ("Hefei Rongfeng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
西安正弘豐置業有限公司 ("Xian Zhenghongfeng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
六安正裕房地產開發有限公司 ("Liuan Zhengyu")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮榮奕(天津)置業發展有限公司 ("Zhengro Rongyi")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
南京卓發置業有限公司 ("Nanjing Zhuofa")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
正榮正豐(上海)房地產開發有限公司 ("Shanghai Zhengfeng")	Company controlled by the Controlling Shareholder and Mr. Ou Guoqiang
合肥碧榮房地產有限公司 ("Hefei Birong")	Joint venture of Zhenro Property Holdings
蘇州奧遠房地產開發有限公司 ("Suzhou Aoyuan")	Joint venture of Zhenro Property Holdings
蘇州正豐置業發展有限公司 ("Suzhou Zhengfeng")	Joint venture of Zhenro Property Holdings
天津中儲恒豐置業有限公司 ("Tianjin Zhongchuhengfeng")	Joint venture of Zhenro Property Holdings
武漢正榮正升置業有限公司 ("Wuhan Zhengsheng")	Joint venture of Zhenro Property Holdings
蘇州廣坤房地產開發有限公司 ("Suzhou Guangkun")	Joint venture of Zhenro Property Holdings
濟南弘碧置業有限公司 ("Jinan Hongbi")	Joint venture of Zhenro Property Holdings
蘇州正創置業發展有限公司 ("Suzhou Zhengchuang")	Joint venture of Zhenro Property Holdings
常熟建瀚置地有限公司 ("Changshu Jianhan")	Joint venture of Zhenro Property Holdings

Name of related party	Relationship with the Group
濟南碧旻置業有限公司 ("Jinan Bimin")	Joint venture of Zhenro Property Holdings
武漢正榮正升置業有限公司 ("Wuhan Zhenro Zhengsheng")	Joint venture of Zhenro Property Holdings
合肥碧榮房地產有限公司 ("Hefei Birong")	Joint venture of Zhenro Property Holdings
濟南弘碧置業有限公司 ("Jinan Hongbi")	Joint venture of Zhenro Property Holdings
蘇州奧遠房地產開發有限公司 ("Suzhou Aoyuan")	Joint venture of Zhenro Property Holdings
蘇州程瑞置業有限公司 ("Suzhou Chengrui")	Joint venture of Zhenro Property Holdings
蘇州廣坤房地產開發有限公司 ("Suzhou Guangkun")	Joint venture of Zhenro Property Holdings
蘇州領瑞置業有限公司 ("Suzhou Lingrui")	Joint venture of Zhenro Property Holdings
蘇州融輝置業有限公司 ("Suzhou Ronghui")	Joint venture of Zhenro Property Holdings
蘇州正豐置業發展有限公司 ("Suzhou Zhengfeng")	Joint venture of Zhenro Property Holdings
天津中儲恒豐置業有限公司 ("Tianjin Zhongchu")	Joint venture of Zhenro Property Holdings
常熟建瀚置地有限公司 ("Changzhou Jianhan")	Associate of Zhenro Property Holdings
嘉興榮聿置業有限公司 ("Jiaxing Rongyu")	Associate of Zhenro Property Holdings
昆山卓彌房地產開發有限公司 ("Kunshan Zhuomi")	Associate of Zhenro Property Holdings
南京招榮房地產開發有限公司 ("Nanjing Zhaorong")	Associate of Zhenro Property Holdings
南京卓泓晟房地產開發有限公司 ("Nanjing Zhuohongsheng")	Associate of Zhenro Property Holdings
蘇州灝溢房地產開發有限公司 ("Suzhou Haoyi")	Associate of Zhenro Property Holdings
蘇州市冠達房地產開發有限公司 ("Suzhou Guanda")	Associate of Zhenro Property Holdings
蘇州正創置業發展有限公司 ("Suzhou Zhengchuang")	Associate of Zhenro Property Holdings
蘇州正璽房地產開發有限公司 ("Suzhou Zhengxi")	Associate of Zhenro Property Holdings
贛州市正潤置業有限公司 ("Ganzhou Zhengrun")	Associate of Zhenro Property Holdings
張家港保稅區耀輝房地產開發有限公司 ("Zhangjiagang Yaohui")	Associate of Zhenro Property Holdings
徐州雅豐房地產開發有限公司 ("Xuzhou Yafeng")	Associate of Zhenro Property Holdings
天津駿耀房地產開發有限公司 ("Tianjin Rongyao")	Associate of Zhenro Property Holdings
福建省莆田市澄峰圍墾開發有限公司 ("Chengfeng Weiken")	Associate of Zhenro Group Company

(b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Advances to related companies			
Zhenro Property Group	3	68	23
Zhenro Group Company	59,644	172,301	735,217
	59,647	172,369	735,240
Repayment from related companies			
Zhenro Property Group	9	6	227
Zhenro Group Company	46,625	72,649	1,358,558
	46,634	72,655	1,358,785
Advances from related companies			
Zhenro Property Group	4,578	1,907	11,087
Zhenro Group Company	–	–	93
Repayment to related companies			
Zhenro Property Group	9,959	2,813	13,019
Property management services and value-added services rendered to related companies (inclusive value-added tax) *(i)*			
Zhenro Property Group	97,000	130,308	167,608
Zhenro Group Company	–	6,060	12,145
Joint ventures and associates of Zhenro Property Holdings	35,131	49,046	106,166
An associate of Zhenro Group Company	–	–	3,443
	132,131	185,414	289,362
Rental fees to related companies *(i)*			
Zhenro Property Group	976	526	1,925
Interest income *(ii)*			
Zhenro Group Company	44,250	47,292	69,417

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) During the years ended 31 December 2017, 2018 and 2019, the Group made advances to Zhenro Group Company, which are unsecured and charged interests at rates of 9% to 14% per annum with a repayment term of 1 year.

(c) Other transactions with related parties

As at 31 December 2017 and 2018, the Group's other borrowings of RMB500,000,000 and RMB500,000,000 was guaranteed by Mr. Ou Zongrong, Ms. Lin Shuying and Zhenro Group Company (note 24). The related guarantees have been released in 2019.

As at 31 December 2018, the Group's bank borrowings of RMB20,000,000, were guaranteed by Zhenro Group Company (note 24). The related guarantee has been released in 2019.

(d) Outstanding balances with related parties

	31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Due from related companies:			
Trade related			
Zhenro Property Group	8,745	18,446	27,337
Zhenro Group Company	–	5,132	343
Joint ventures and associates of Zhenro Property Holdings	1,394	11,920	22,911
	10,139	35,498	50,591
Due from related companies:			
Non-trade related			
Zhenro Property Group	143	204	–
Zhenro Group Company	523,945	623,598	257
	524,088	623,802	257
Due to related companies:			
Trade related			
Zhenro Property Group	929	1,455	1,427
Due to related companies:			
Non-trade related			
Zhenro Property Group	2,838	1,932	–
Zhenro Group Company	–	–	93
	2,838	1,932	93

For amounts due from related parties, balances arising from operating activities are RMB10,139,000 with aging within one year as at 31 December 2017, RMB35,498,000 as at 31 December 2018, with RMB27,869,000 of aging within one year and RMB7,629,000 of aging over one year, RMB50,591,000 as at 31 December 2019 with RMB38,248,000 of aging within one year and RMB12,343,000 of aging over one year.

The credit periods granted to related parties are mainly 3 months. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition and measured the impairment under the simplified approach based on lifetime expected credit loss, and has assessed that the expected credit losses are immaterial.

For amounts due to related parties, balances arising from operating activities are RMB929,000 with aging within one year as at 31 December 2017, RMB1,455,000 as at 31 December 2018, with RMB526,000 of aging within one year and RMB929,000 of aging over one year, RMB1,427,000 as at 31 December 2019, with RMB700,000 of aging within one year and RMB727,000 of aging over one year.

All the above related party balances which are non-trade in nature have been fully settled subsequently.

(e) Compensation of key management personnel of the Group

	Year ended 31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Short term employee benefits	3,132	4,391	16,137
Pension scheme contributions and social welfare	379	644	955
Total compensation paid to key management personnel	3,511	5,035	17,092

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

31. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

Jiangsu Sutie:

	31 December 2019 *RMB'000*
Percentage of equity interest held by non-controlling interests	30%
Profit for the period allocated to non-controlling interests	3,296
Accumulated balances of non-controlling interests	16,140

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	31 December 2019 *RMB'000*
Revenue	36,512
Total expenses	25,525
Profit for the year	10,987
Current assets	20,162
Non-current assets	43,999
Current liabilities	(8,381)
Non-current liabilities	(7,979)
Net cash flows from operating activities	8,499
Net increase in cash and cash equivalents	8,499

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments are as follows:

At 31 December 2017

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade receivables *(note 19)*	33,029
Due from related companies *(note 30)*	534,227
Financial assets included in prepayments, deposits and other receivables *(note 20)*	14,387
Cash and bank balances *(note 21)*	101,029
	682,672

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables *(note 22)*	17,149
Financial liabilities included in other payables and accruals *(note 23)*	45,033
Due to related companies *(note 30)*	3,767
Interest-bearing bank and other borrowings *(note 24)*	500,000
Lease liabilities *(note 14)*	717
	566,666

At 31 December 2018

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade receivables *(note 19)*	54,021
Due from related companies *(note 30)*	659,300
Financial assets included in prepayments, deposits and other receivables *(note 20)*	37,322
Cash and bank balances *(note 21)*	49,843
	800,486

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables *(note 22)*	23,314
Financial liabilities included in other payables and accruals *(note 23)*	50,018
Due to related companies *(note 30)*	3,387
Interest-bearing bank and other borrowings *(note 24)*	520,000
Lease liabilities *(note 14)*	1,338
	598,057

At 31 December 2019

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade receivables *(note 19)*	88,265
Due from related companies *(note 30)*	50,848
Financial assets included in prepayments, deposits and other receivables *(note 20)*	23,131
Cash and bank balances *(note 21)*	218,442
	380,686

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables *(note 22)*	48,461
Financial liabilities included in other payables and accruals *(note 23)*	87,668
Due to related parties *(note 30)*	1,520
Interest-bearing bank borrowings *(note 24)*	20,375
Lease liabilities *(note 14)*	10,668
	168,692

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, amounts with related companies, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the board of directors of the Company. At each reporting date, 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 interim and annual financial reporting.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include financial assets included in trade receivables, amounts due from related companies, financial assets included in prepayments, deposits and other receivables, cash and bank balances, trade payables, amounts due to related companies, financial liabilities included in other payables and accruals, which arise directly from its operations. The Group has other financial assets and liabilities such as lease liabilities and interest-bearing bank and other borrowings. 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 at 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) Credit risk

The Group is exposed to credit risk in relation to its trade receivables and other receivables and cash and bank balances.

As at 31 December 2017, 2018 and 2019, all cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk. These financial assets were not yet past due and their credit exposure is classified as stage 1.

As at 31 December 2017, 2018 and 2019, the Group classified financial assets included in prepayments, deposits and other receivables as stage 1 as the credit quality is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition

The Group expects that the credit risk associated with trade receivables and other receivables due from related parties are considered to be low, since the related parties have a strong capacity to meet contractual cash flow obligations in the near term. Thus, the impairment provision recognised during the Relevant Periods was nil for the trade receivables and other receivables due from related parties.

(b) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other 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 the contractual undiscounted payments, was as follows:

At 31 December 2017

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	17,149	–	–	17,149
Other payables and accruals	45,033	–	–	45,033
Interest-bearing bank and other borrowings	11,250	33,750	780,000	825,000
Lease liabilities	107	322	793	1,222
Due to related parties	3,767	–	–	3,767
	77,306	34,072	780,793	892,171

At 31 December 2018

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	23,314	–	–	23,314
Other payables and accruals	50,018	–	–	50,018
Interest-bearing bank and other borrowings	17,715	73,145	710,000	800,860
Lease liabilities	202	604	1,503	2,309
Due to related parties	3,387	–	–	3,387
	94,636	73,749	711,503	879,888

At 31 December 2019

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	48,461	–	–	48,461
Other payables and accruals	66,668	14,000	7,000	87,668
Interest-bearing bank and other borrowings	653	3,460	21,482	25,595
Lease liabilities	2,461	1,828	6,815	11,104
Due to related parties	1,520	–	–	1,520
	119,763	19,288	35,297	174,348

(c) 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 interest-bearing bank and borrowings divided by total equity attribute to owners of the parent as of the end of each financial year. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	31 December		
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	500,000	520,000	20,375
Total equity	14,496	54,020	128,060
Gearing ratio	3,449.2%	962.6%	15.9%

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2019.

36. EVENTS AFTER THE REPORTING PERIOD

Since the outbreak of coronavirus disease 2019 ("COVID-19") in PRC, the Group has implemented a contingency plan to minimize the disruptions that may be caused to the business operations, including identification of and discussions with various suitable service subcontractors and material suppliers to ensure the stability and consistency of the services, sourcing of quantities of materials needed for the operations to reduce any disruptions that may cause, and implementation of the flexible rotation arrangements for the Group's staff across the PRC with an aim to control and minimize possible community transmission of COVID-19. The Group has also adopted enhanced hygiene and precautionary measures across the office premises and properties under management since late January 2020. The additional costs for implementing these enhanced measures are expected to be mainly related with masks, ethanol hand wash, disinfectants and infrared thermometers. In view of the implementation of the above mentioned action plans, the Directors are of the view that no material adverse effect on the Group's operations and financial position.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the 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 purpose only, and is set out below to illustrate the effect of the Global Offering on our consolidated net tangible assets as of 31 December 2019 as if it had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets attributed to the owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as of 31 December 2019 or any future dates. It is prepared based on our consolidated net tangible assets as of 31 December 2019 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report in Appendix I to this prospectus.

	Unaudited consolidated net tangible assets attributable to owners of the Company as of 31 December 2019	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company**	**Unaudited pro forma adjusted consolidated net tangible assets per Share**	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000*	*RMB (Note 3)*	*HK$ (Note 4)*
Based on an Offer Price of HK$3.60 per Share	18,919	765,980	784,899	0.78	0.86
Based on an Offer Price of HK$4.70 per Share	18,919	1,011,787	1,030,706	1.03	1.13

Notes:

(1) The unaudited consolidated net tangible assets attributable to owners of the Company as of 31 December 2019 is extracted from the Accountants' Report, which is based on the unaudited consolidated equity attributable to owners of the Company as of 31 December 2019 of approximately RMB111.5 million after deducting other intangible assets of RMB33.0 million and goodwill of RMB59.5 million, respectively.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$3.60 per Share or HK$4.70 per Share, after deduction of the underwriting fees and other related expenses payable by the Group and do 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 RMB0.9150.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 250,000,000 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 consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.9150.

(5) No adjustment has been made to reflect any trading results or other transactions of the Group, entered into subsequent to 31 December 2019.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of Zhenro Services Group Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Zhenro Services Group Limited (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 pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 31 December 2019, and related notes as set out on page II-1 of the prospectus dated 29 June 2020 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 on page II-1 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 31 December 2019 as if the transaction had taken place at 31 December 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 31 December 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' judgement, 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,

Ernst & Young
Certified Public Accountants
Hong Kong
29 June 2020

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 Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 17, 2018 under the Cayman Islands 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 June 15, 2020. 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 Islands 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 shareholder 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 canceled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

(iv) Transfer of shares

Subject to the Cayman Islands 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 recognize 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 installments. If the sum payable in respect of any call or installment 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 installments 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 installment of a call on the day appointed for payment, the Board may, for so long as any part of the call or installment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or installment 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 Islands 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 Islands 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 Islands 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 Islands 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 favor 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 realized 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.

(c) 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.

(d) 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.

(e) 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 authorized 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 Islands 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 authorized 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 authorized 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 installments 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 authorized 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 authorized 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 authorized 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 authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized in accordance with this provision shall be deemed to have been duly authorized 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 authorized by the Stock Exchange at such time and place as may be determined by the Board.

(iv) 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 Islands 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.

Extraordinary general meetings shall also 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.

(v) 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 authorized 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.

(vi) 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 authorized in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorized 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 favor of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(f) 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 Islands 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 Islands Companies Law or ordered by a court of competent jurisdiction or authorized 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 shareholders 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 shareholders that have consented and elected to receive the summarized 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 any general meeting convened and held in accordance with the Articles of the Company, remove the auditors by special resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in its place 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.

(g) 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, installments 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 check or warrant sent through the post. Every such check 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 check 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 installments 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 checks for dividend entitlements or dividend warrants by post if such checks or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a check or warrant is returned undelivered.

(h) 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.

(i) 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.

(j) 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 and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed pari passu among such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed 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 Islands 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.

(k) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Islands 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 COMPANIES LAW

The Company was incorporated in the Cayman Islands as an exempted company on December 17, 2018 subject to the Cayman Islands Companies Law. Certain provisions of Cayman Islands Companies 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 Islands 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 authorized share capital.

(b) Share capital

Under Cayman Islands 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 cancelation 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 Islands 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 authorized 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 authorized 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 authorized 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 authorize 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 canceled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Islands Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either canceled or transferred pursuant to the Cayman Islands 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 Islands Companies Law, and the provisions, if any, of the company's memorandum and articles of association, 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 Governor-in-Cabinet 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 December 3, 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 (2017 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Islands 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.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on December 17, 2018. Our Company has established its principal place of business in Hong Kong at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on December 30, 2019. Mr. Lei Kin Keong has been appointed as the authorized representative 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, we are subject to the Cayman Islands Companies Law, the Memorandum and the Articles. A summary of certain provisions of the Memorandum and Articles and relevant aspects of the Cayman Islands Companies Law is set out in "Summary of the constitution of the Company and Cayman Islands Companies Law" in Appendix III to this prospectus.

2. Changes in the share capital of our Company

As of the date of incorporation of our Company, the authorized share capital of our Company was US$950,000.00 divided into 950,000 shares of US$1 each. Upon its incorporation, one fully-paid share of US$1 each of our Company was issued and allotted to an initial subscriber who is an Independent Third Party on December 17, 2018, which was then transferred to WeiQiang at the consideration of US$1 on the same date. On the same date, 683,050 shares, 95,000 shares, 95,000 shares and 76,949 shares of US$1 each of our Company, all fully paid, were issued and allotted to WeiZheng, WeiYao, WeiTian and WeiQiang, respectively.

On October 18, 2019, the authorized share capital of our Company was increased from US$950,000 divided into 950,000 shares of US$1 each to US$1,000,000 divided into 1,000,000 shares of a US$1 each by the creation of additional 50,000 shares of US$1 each, and following which, the authorized share capital of our Company was US$1,000,000 divided into 1,000,000 shares of US$1 each.

On November 7, 2019, Sky Bridge transferred 1,000 shares of Future Prosperity (BVI), representing the entire issue share capital of Future Prosperity (BVI), to our Company in consideration of the issue and allotment of 50,000 shares of our Company of US$1 each to Sky Bridge.

Pursuant to the written resolutions of the Shareholders passed on June 15, 2020, each of our issued and unissued shares of US$1 each was subdivided into 500 Shares of US$0.002 each. Our authorized share capital was further increased from US$1,000,000 to US$40,000,000 by the creation of additional 19,500,000,000 Shares, and following such increase, the authorized share capital of our Company was US$40,000,000 divided into 20,000,000,000 Shares of US$0.002 each.

Immediately following completion of the Capitalization Issue and the Global Offering and without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme, the issued share capital of our Company will be US$2,000,000 divided into 1,000,000,000 Shares, all fully paid or credited as fully paid, and 19,000,000,000 Shares will remain unissued.

Save as disclosed above and as mentioned in "– 4. Written resolutions of the Shareholders passed on June 15, 2020" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in the share capital of our subsidiaries

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in "History, Reorganization and Corporate Structure" in this prospectus, there has been no alteration in the share capital of our subsidiaries during the two years preceding the date of this prospectus.

4. Written resolutions of the Shareholders passed on June 15, 2020

Pursuant to the written resolutions passed by the Shareholders on June 15, 2020, among other matters:

(a) we approved and conditionally adopted the amended and restated Memorandum which will become effective upon Listing;

(b) we approved and conditionally adopted the amended and restated Articles which will become effective upon Listing;

(c) our Company's issued and unissued shares of US$1 each were subdivided into 500 Shares of US$0.002 each with immediate effect, and following which, the authorized share capital of our Company was US$1,000,000 divided into 500,000,000 Shares of US$0.002 each;

(d) upon completion of the subdivision of shares in paragraph (c) above, the authorized share capital of our Company was increased from US$1,000,000 divided into 500,000,000 Shares to US$40,000,000 divided into 20,000,000,000 Shares by the creation of an additional 19,500,000,000 Shares;

(e) conditional on (aa) the Listing Committee granting the approval for the listing of, and permission to deal in, the Shares in issue and Shares to be issued and allotted pursuant to the Capitalization Issue, the Global Offering and as mentioned in this prospectus including the Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme; (bb) the Offer Price having been duly determined; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreements:

(i) the Global Offering was approved and our Directors were authorized to approve the issue and allotment the Offer Shares pursuant to the Global Offering;

(ii) the Over-allotment Option was approved;

(iii) the rules of the Share Option Scheme, the principal terms of which are set out in "D. Share Option Scheme" below in this appendix, were approved and adopted and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme;

(iv) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize US$500,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 250,000,000 Shares for issue and allotment to holders of Shares whose names appear on the register of members of our Company on the date of passing this resolution in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company;

(v) a general unconditional mandate was given to our Directors to issue, allot and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be issued and allotted), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the issue and allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to a specific authority granted by the Shareholders in

general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following the completion of the Capitalization Issue and Global Offering (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or 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 until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first;

(vi) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to buy back on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the Capitalization Issue and the Global Offering (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or 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 until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first; and

(vii) the general unconditional mandate mentioned in paragraph (v) above was extended by the addition to the number of issued Shares which may be issued and allotted or agreed conditionally or unconditionally to be issued and allotted by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares bought back by our Company pursuant to the mandate to buy back Shares referred to in paragraph (vi) above.

5. Reorganization

In preparation for the Listing, the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. For further details with regard to the Reorganization, see "History, Reorganization and Corporate Structure" in this prospectus.

6. Buyback by our Company of our own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the buyback 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 purchase their shares on the Stock Exchange subject to certain restrictions.

(i) Shareholders' approval

The Listing Rules provide that all proposed buybacks of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our Shareholders on June 15, 2020, a general unconditional mandate (the "**Buyback Mandate**") was granted to our Directors authorizing the buyback of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with the total number of Shares not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

(ii) Source of funds

Buybacks must be funded out of funds legally available for the purpose in accordance with the Articles and the Cayman Islands Companies Law. A listed company may not buyback its own shares 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 from time to time.

(iii) Core connected persons

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "core connected person", which includes a director, chief executive or substantial shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

(b) Reasons for buybacks

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to buyback Shares in the market. Such buybacks may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such buybacks will benefit our Company and our Shareholders.

(c) Funding of buyback

In buying back Shares, our Company may only apply funds legally available for such purpose in accordance with our Articles, the Listing Rules and the applicable laws of the Cayman Islands.

It is presently proposed that any buyback of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the buyback or, subject to the Cayman Islands Companies Law, out of capital and, in the case of any premium payable on the purchase over the par value of the Shares to be bought back must be provided for, out of either or both 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 Islands Companies Law, out of capital.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Buyback Mandate were to be exercised in full, it might not have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

(d) Share capital

The exercise in full of the Buyback Mandate, on the basis of 1,000,000,000 Shares in issue immediately after the Listing (but not taking into account of our Shares which may be issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), would result in up to 100,000,000 Shares being bought back by our Company during the period until:

(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 any applicable law or the Articles to be held; or

(iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Buyback Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a buyback of Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, 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, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a buyback pursuant to the Buyback Mandate.

If the Buyback Mandate is fully exercised immediately following completion of the Capitalization Issue and the Global Offering (but not taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), the total number of Shares which will be bought back pursuant to the Buyback Mandate will be 100,000,000 Shares, being 10% of the total number of Shares based on the aforesaid assumptions. The percentage shareholding of our Controlling Shareholders will be increased to approximately 72.8% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any buyback of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) an equity transfer agreement dated January 21, 2019 and entered into between Future Prosperity (HK) and Zhenro Group Company, pursuant to which Future Prosperity (HK) acquired 5% of the equity interest in Fujian Zhenro at a consideration of RMB2,524,380;

(b) an equity transfer agreement dated January 28, 2019 and entered into between Fuzhou Huihua and Zhenro Group Company, pursuant to which Fuzhou Huihua acquired 95% of the equity interest in Fujian Zhenro at a consideration of RMB47,963,315;

(c) a share swap agreement dated November 7, 2019 and entered into between Sky Bridge and our Company, pursuant to which Sky Bridge transferred 1,000 shares of Future Prosperity (BVI) to our Company in exchange for the issue of 50,000 shares of our Company;

(d) the cornerstone investment agreement dated June 19, 2020 entered into between our Company, Everbright Xinglong Trust Co., Ltd. (光大興隴信托有限責任公司) and CCB International Capital Limited, pursuant to which Everbright Xinglong Trust Co., Ltd. agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with an amount of HK$ equivalent of US$20.0 million (excluding brokerage and levies) at the Offer Price;

(e) the cornerstone investment agreement dated June 19, 2020 entered into between our Company, Dazhong (Hong Kong) International Corporation Limited (大眾(香港)國際有限公司) and CCB International Capital Limited, pursuant to which Dazhong (Hong Kong) International Corporation Limited agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with an amount of HK$ equivalent of US$10.0 million (excluding brokerage and levies) at the Offer Price;

(f) the cornerstone investment agreement dated June 19, 2020 entered into between our Company, Poly Platinum Enterprises Limited and CCB International Capital Limited, pursuant to which Poly Platinum Enterprises Limited agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with HK$77.5 million (excluding brokerage and levies) at the Offer Price;

(g) the cornerstone investment agreement dated June 19, 2020 entered into between our Company, CURA International (Hong Kong) Investment Management Company Limited (中城國際(香港)投資管理有限公司) and CCB International Capital Limited, pursuant to which CURA International (Hong Kong) Investment Management Company Limited agreed to subscribe such number of Offer Shares (rounded down to the nearest whole board lot) that may be purchased with an amount of HK$ equivalent of US$10.0 million (excluding brokerage and levies) at the Offer Price;

(h) the Deed of Non-competition;

(i) the Deed of Indemnity; and

(j) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered owner of the following trademarks which, in the opinion of our Directors, is or may be material to our business:

No.	Trademark	Registration Number	Class	Name of Registered Owner	Place of Registration	Date of Registration	Date of Expiry
1.	正荣物业 正荣物业 正榮物業 正榮物業	305012973	36, 37, 39, 44, 45	Fujian Zhenro	Hong Kong	August 1, 2019	July 31, 2029

No.	Trademark	Registration Number	Class	Name of Registered Owner	Place of Registration	Date of Registration	Date of Expiry
2.	zhenro zhenro Zhenro ZHENRO	305012982	37, 39, 44, 45	Fujian Zhenro	Hong Kong	August 1, 2019	July 31, 2029
3.	正荣服务 正荣服务 正榮服務 正榮服務	305012991	36, 37, 39, 44, 45	Fujian Zhenro	Hong Kong	August 1, 2019	July 31, 2029
4.	zhenro正荣服务	40018440A	37	Fujian Zhenro	PRC	May 7, 2020	May 6, 2030
5.	zhenro正荣服务	40016801A	41	Fujian Zhenro	PRC	May 7, 2020	May 6, 2030
6.	zhenro正荣服务	40000994A	43	Fujian Zhenro	PRC	May 7, 2020	May 6, 2030
7.	zhenro正荣服务	39998135A	39	Fujian Zhenro	PRC	May 7, 2020	May 6, 2030
8.	zhenro正荣物业	40015159A	37	Fujian Zhenro	PRC	May 7, 2020	May 6, 2030
9.	zhenro正荣物业	40012777A	41	Fujian Zhenro	PRC	May 7, 2020	May 6, 2030
10.	zhenro正荣物业	40005655A	43	Fujian Zhenro	PRC	May 7, 2020	May 6, 2030

(b) Domain names

As of the Latest Practicable Date, our Group had registered the following domain name which is material to our business:

No.	Domain name	Name of Registered Proprietor	Date of Registration	Expiry Date
1.	zhenrowy.com	Zhenro Property Services	May 24, 2016	May 24, 2026

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of Interests – Interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

Immediately following completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option or any option which may be granted under the Share Option Scheme is not exercised, none of our Directors or chief executives of our Company will have interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once our Shares are listed.

(b) Particulars of service agreements and letters of appointment

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

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

(c) Directors' remuneration

Each of our executive Directors, being Mr. Huang Liang and Mr. Huang Sheng, is expected to receive an annual remuneration (including salaries, bonus and contributions to retirement benefits scheme) of approximately RMB2.4 million and RMB2.3 million, respectively, which shall be subject to annual review by our Board and the Remuneration Committee.

We intend to pay a director's fee of RMB200,000 per annum to each of Mr. Huang Xianzhi, Mr. Chan Wai Kin, Mr. Ma Haiyue, Mr. Au Yeung Po Fung and Mr. Zhang Wei. Save for directors' fees, none of our non-executive Directors or independent non-executive Directors is expected to receive any other remuneration for holding their office as non-executive Directors or independent non-executive Directors.

For 2017, 2018 and 2019, the aggregate remuneration (including fees, salaries, bonus, share-based payments, contributions to retirement benefits schemes, allowances and other benefits in kind) paid to our Directors was approximately RMB0.8 million, RMB0.9 million and RMB5.2 million, respectively. For details, please refer to Note 8 of the Accountants' Report set out in Appendix I to this prospectus.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, bonus, share-based payments, contributions to retirement benefits scheme, allowances and other benefits in kind) of our Directors for the year ending December 31, 2020 is estimated to be no more than RMB7.5 million.

2. Substantial shareholders

So far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering assuming that the Over-allotment Option or any option which may be granted under the Share Option Scheme is not exercised, the following persons (other than our Directors and chief executives of our Company) will have or be deemed

or taken to have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

Interest in our Company

Name of Shareholder	Nature of interest	Shares held immediately following the completion of the Capitalization Issue and Global Offering[(1)(6)]	
		Number	Percentage
Mr. ZR Ou[(2)]	Interest in controlled corporation	654,787,500 Shares (L)	65.5%
WeiZheng[(2)]	Beneficial owner	512,287,500 Shares (L)	51.2%
WeiYao[(2)]	Beneficial owner	71,250,000 Shares (L)	7.1%
WeiTian[(2)]	Beneficial owner	71,250,000 Shares (L)	7.1%
Ms. Lin Shuying (林淑英)[(3)]	Interest of spouse	654,787,500 Shares (L)	65.5%
Mr. GQ Ou[(4)]	Interest in controlled corporation	57,712,500 Shares (L)	5.8%
WeiQiang[(4)]	Beneficial owner	57,712,500 Shares (L)	5.8%
Ms. Li Xi (李熹)[(5)]	Interest of spouse	57,712,500 Shares (L)	5.8%

Notes:

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

(2) Each of WeiZheng, WeiYao and WeiTian is wholly-owned by Mr. ZR Ou. By virtue of the SFO, Mr. ZR Ou is deemed to be interested in the Shares in which WeiZheng, WeiYao and WeiTian are interested in.

(3) Ms. Lin Shuying is the spouse of Mr. ZR Ou. By virtue of the SFO, Ms. Lin Shuying is deemed to be interested in the Shares in which Mr. ZR Ou is interested in.

(4) WeiQiang is wholly-owned by Mr. GQ Ou. By virtue of the SFO, Mr. GQ Ou is deemed to be interested in the Shares in which WeiQiang is interested in.

(5) Ms. Li Xi is the spouse of Mr. GQ Ou. By virtue of the SFO, Ms. Li Xi is deemed to be interested in the Shares in which Mr. GQ Ou is interested in.

(6) If the Over-allotment Option is fully exercised, the interest of Mr. ZR Ou, WeiZheng, WeiYao, WeiTian, Ms. Lin Shuying, Mr. GQ Ou, WeiQiang and Ms. Li Xi in our Shares will be approximately 63.1%, 49.4%, 6.9%, 6.9%, 63.1%, 5.6%, 5.6% and 5.6%, respectively.

Interest in other members of our Group

Name of shareholder	Name of member of our Group	Nature of interest	Percentage of equity interest
Hubei Hongda Property Management Co., Ltd. (湖北宏達物業管理有限公司)	Hubei Changfang Zhenro	Beneficial owner	49%
Li Wende (黎文德)	Jiangsu Sutie	Beneficial owner	15%
Tang Weibing (唐偉兵)	Jiangsu Sutie	Beneficial owner	15%

3. Agency fees or commissions received

Save as disclosed in "Underwriting", no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

4. Disclaimers

(a) None of our Directors or chief executive of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning 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 or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once our Shares are listed.

(b) None of our Directors or experts referred to under "– E. Other information – 8. Qualifications and consents of experts" below has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(c) 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 as a whole.

(d) None of our Directors has any existing or proposed service contracts 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)).

(e) Save as disclosed in "– C. Further information about our Directors and substantial shareholders – 2. Substantial shareholders" above, taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group.

(f) None of the experts referred to under "– E. Other information – 8. Qualifications and consents of experts" below 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.

(g) So far as is known to our Directors, as of the Latest Practicable Date, save for (i) Mr. ZR Ou who is beneficially interested in approximately 54.60% of the total number of issued shares of Zhenro Properties and approximately 91.90% of the equity interest in Zhenro Group Company; (ii) Mr. GQ Ou who is beneficially interested in 4.97% of the total number of issued shares of Zhenro Properties and approximately 8.10% of the equity interest in Zhenro Group Company; and (iii) Mr. Huang Xianzhi who is beneficially interested in 0.11% of the total number of issued shares of Zhenro Properties, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the total number of issued Shares has any interests in the five largest customers or the five largest suppliers of our Group.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on June 15, 2020.

(a) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

(i) any full-time or part-time employees, executives or officers of our Company or any of our subsidiaries;

(ii) any directors (including non-executive directors and independent non-executive directors) of our Company or any of our subsidiaries; and

(iii) any advisors, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board will contribute or have contributed to our Company or any of our subsidiaries.

Upon acceptance of the option, the grantee shall pay HK$1.00 to our Company by way of consideration for the grant.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of our Company of HK$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance or payment for the full amount of the exercise price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance or payment and, where

appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial advisor as the case may be pursuant to paragraph (r), our Company shall issue and allot the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of our Shares so allotted.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorized share capital of our Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering, being 100,000,000 Shares (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting in compliance with Rules 17.03(3) and 17.06 of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(i) renew this limit at any time to 10% of our Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or

(ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular to be issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of our Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of capitalization issue, rights issue, sub-division or consolidation of shares or reduction of share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by our Company to our Shareholders which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time. The circular to be issued by our Company shall contain the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rule 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (as defined in the Listing Rules (or his associates (as defined in the Listing Rules) if the Eligible participant is a connected person (as defined in the Listing Rules))) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of our Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:

(aa) the Eligible Participant's name, address and occupation;

(bb) the date on which an Option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;

(cc) the date upon which an offer for an option must be accepted;

(dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);

(ee) the number of Shares in respect of which the option is offered;

(ff) the subscription price and the manner of payment of such price for our Shares on and in consequence of the exercise of the option;

(gg) the date of the expiry of the option as may be determined by the Board;

(hh) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph (c); and

(ii) such other terms and conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with the Share Option Scheme and the Listing Rules.

(f) Price of Shares

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

(g) Granting options to a director, chief executive or substantial shareholder of our Company or any of their respective associates

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue on the date of offer of the option; and

(ii) having an aggregate value, based on the official closing price of our Shares as stated in the daily quotation sheets of the Stock Exchange on the date of such grant, in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules,

such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

(i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

(iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(iv) the information required under Rule 2.17 of the Listing Rules.

(h) Restrictions on the times of grant of options

A grant of options may not be made after inside information has come to the knowledge of our Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our annual results or our results for half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for our Company to publish an announcement of our annual results or our results for half-year, quarterly or other interim period (whether or not required under the Listing Rules), and ending on the date of actual publication of the results for such year, half year, quarterly or interim period (as the case may be),

and where an option is granted to a Director notwithstanding the above:

(i) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Rights are personal to grantee

An option and an offer to grant an option shall be personal to the grantee and shall not be transferrable or assignable. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option held by him or any offer relating to the grant of an option made to him or attempt so to do (save that the grantee may nominate a nominee in whose name our Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) Time of exercise of option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the Listing Date. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date.

(k) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) Rights on ceasing employment or death

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries

(i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or

(ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

(m) Rights on dismissal

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of our Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, or has been convicted of any criminal offense involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

(n) Rights on takeover

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) Rights on winding-up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance or payment for the full amount of the aggregate subscription price for our Shares in respect of which the notice

is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(p) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance or payment for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will not carry voting dividend or other rights until completion of the registration of the grantee (or any other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares issued and allotted on the exercise of options shall be subject to the provisions of the articles of association of the Company will carry the same rights in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue. For the avoidance of doubt, Shares issued upon the exercise of an Option shall not be entitled to any rights attaching to Shares by reference to a record date preceding the date of allotment.

(r) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial advisor shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on September 5, 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of our Company or the approval independent financial advisor, as the case may be, in this paragraph is that of experts and not arbitrations and their certificate shall, in absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) Expiry of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the option as may be determined by the Board;

(ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);

(iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;

(iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;

(v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of our subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been

convicted of any criminal offense involving his or her integrity or honesty, or in relation to an employee of our Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his/her creditors generally or any other ground on which an employee would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are canceled in accordance with paragraph (u) below.

(t) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

(i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; or

(ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted,

shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(u) Cancelation of options

Subject to paragraph (i) above, any cancelation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any option is canceled pursuant to paragraph (m).

(v) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the

exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to and is conditional upon:

(i) the passing of the necessary resolutions by our Shareholders to approve and adopt the rules of the Share Option Scheme;

(ii) the Listing Committee of the Stock Exchange granting the approval for the listing of and permission to deal in, our Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;

(iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver(s) of any such condition(s) by the Joint Global Coordinators (on behalf of the Underwriters)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise;

(iv) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within two calendar months from the adoption date:

(i) the Share Option Scheme shall forthwith determine;

(ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and

(iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) Disclosure in annual and interim reports

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(z) Present status of the Share Option Scheme

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the granting of the approval for the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 100,000,000 Shares in total.

E. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favor of our Company (for ourselves and as trustee for each of our subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters, (i) any liability for estate duty under the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), or legislation similar thereto in Hong Kong or any jurisdictions outside Hong Kong which might be incurred by any member of our Company on or before the Listing Date; (ii) any claims, penalties or other indebtedness resulting from any insufficient contribution to social insurance and housing provident funds during the Track Record Period as disclosed in "Business – Legal Proceedings and Compliance – Compliance"; (iii) any non-registration of our lease agreements during the Track Record Period as disclosed in "Business – Properties" in this prospectus; and (iv) other taxation which may be suffered by any member of our Group in respect of, among other things, any income, profits or gains earned, accrued or received on or before the Listing Date, save (a) to the extent that specific provision or reserve has been made for such taxation or non-compliance incidents in the audited consolidated financial statements of our Group as set out in Appendix I; (b) to the extent that the liability for such taxation would not have arisen but for any act or omission of, or delay by, any member of our Group after the Listing Date; and (c) to the extent such loss arises or is incurred only as a result of a retrospective change in law or regulations or the interpretation or practice thereof by any relevant authority coming into force after the Listing Date.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate fee of US$500,000 for acting as the sponsor for the Listing.

The Sole Sponsor has made an application on our Company's behalf to the Listing Committee of the Stock Exchange for the granting of the approval for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made for the Shares to be admitted into CCASS.

4. Preliminary expenses

The preliminary expenses incurred and paid by our Company relating to the incorporation of our Company were approximately HK$59,500.

5. No material adverse change

Saved as disclosed in "Summary" and "Financial Information", our Directors confirm that there has been no material adverse change in our Group's financial or trading position since December 31, 2019 (being the date on which the latest audited consolidated financial information of our Group was prepared).

6. Promoter

Our Company has no promoter. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair 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.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of Shares.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualifications
CCB International Capital Limited	Licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified public accountants
Walkers (Hong Kong)	Legal advisors to our Company as to Cayman Islands law
Commerce & Finance Law Offices	Legal advisors to our Company as to the PRC law
China Index Academy	Industry consultant

9. Consents of experts

Each of the experts named in "– 8. Qualifications and consents of experts" above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters, opinions, summaries of opinions and/or references to its names included herein in the form and context in which they respectively appear.

10. Interests of experts in our Company

None of the persons named in "– 8. Qualifications and consents of experts" above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

11. Binding effect

This prospectus shall have the effect, in an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Miscellaneous

(a) Within the two years immediately preceding the date of this prospectus:

(i) save as disclosed in "History, Reorganization and Corporate Structure" in this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and

(iv) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of our subsidiaries;

(b) no founder, management or deferred Shares nor any debenture in our Company or any of our subsidiaries have been issued or agreed to be issued;

(c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(d) the principal register of members of our Company will be maintained in the Cayman Islands by Walkers Corporate Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(e) no company within our Group is presently listed on any stock exchange or traded on any trading system;

(f) our Directors have been advised that under Cayman Islands Companies Law the use of a Chinese name by our Company does not contravene the Cayman Islands Companies Law;

(g) our Company has no outstanding convertible debt securities or debentures; and

(h) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

13. Bilingual prospectus

The English language and Chinese language versions 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). In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms; (b) the written consents referred to in "Statutory and General Information – E. Other Information – 8. Qualifications and consents of experts" in Appendix IV to this prospectus; and (c) a copy of each of the material contracts referred to in "Statutory and General Information – B. Further information about our business – 1. Summary of material contracts" in Appendix IV to this prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Sidley Austin at Level 39, Two International Finance Centre, 8 Finance Street, Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the Accountants' Report prepared by 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 consolidated financial statements of our Group for 2017, 2018 and 2019;

(e) the legal opinion issued by Commerce and Finance Law Offices, our legal advisors as to PRC law, in respect of certain general corporate matters and property interests of our Group;

(f) the letter of advice issued by Walkers (Hong Kong), our legal advisors as to Cayman Islands law, summarizing the constitution of our Company and certain aspects of Cayman Islands Companies Law referred to in Appendix III to this prospectus;

(g) the industry report issued by CIA;

(h) the Cayman Islands Companies Law;

(i) the rules of the Share Option Scheme;

(j) copies of the material contracts referred to in "Statutory and General Information – B. Further information about our business – 1. Summary of material contracts" in Appendix IV to this prospectus;

(k) service agreements and letters of appointment entered into between our Company and each of our Directors (as applicable); and

(l) the written consents referred to in "Statutory and General Information – E. Other information – 8. Qualifications and consents of experts" in Appendix IV to this prospectus.

zhenro正荣服务

ZHENRO SERVICES GROUP LIMITED

正榮服務集團有限公司