First Service Holding Limited
第一服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code: 2107

GLOBAL OFFERING

Sole Sponsor

海通國際 HAITONG

Sole Global Coordinator and Joint Bookrunner

海通國際 HAITONG

Joint Bookrunners

兴证国际 INDUSTRIAL SECURITIES INTERNATIONAL

BOC INTERNATIONAL

富途證券

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

First Service Holding Limited
第一服务控股有限公司

(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 adjustment)**
Number of International Offer Shares	**:**	**225,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$2.46 per Hong Kong Offer Share, plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**US$0.0000002 per Share**
Stock code	**:**	**2107**

Sole Sponsor

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Joint Bookrunners

兴证国际 INDUSTRIAL SECURITIES INTERNATIONAL　　BOC INTERNATIONAL　　富途證券

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

A copy of this prospectus, having attached thereto the documents specified in "Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" 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 of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, October 15, 2020 and, in any event, no later than Friday, October 16, 2020. The Offer Price will be no more than HK$2.46 per Offer Share and is currently expected to be no less than HK$1.86 per Offer Share unless otherwise announced. Investors applying for Offer Shares must pay, on application, the maximum Offer Price of HK$2.46 per Share, unless otherwise announced, together with brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$2.46 per Offer Share.

The Sole Global Coordinator (on behalf of the Hong Kong Underwriters) may, with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the Hong Kong Stock Exchange's website at www.hkexnews.hk and on our Company's website at www.firstservice.hk no 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 out in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares". If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and our Company on or before the Listing Date, the Global Offering will not proceed and will lapse. For more information, see "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in accordance with Regulation S under the U.S. Securities Act.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. on the Listing Date.

October 12, 2020

Hong Kong Public Offering commences and **WHITE** and **YELLOW** Application Forms available from . . . . 9:00 a.m. on Monday, October 12, 2020

Latest time to complete electronic applications under the **HK eIPO White Form** service through one of the below ways[2]:
(1) the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
(2) the designated website **www.hkeipo.hk** . . . . 11:30 a.m. on Thursday, October 15, 2020

Application lists open[3] . . . . 11:45 a.m. on Thursday, October 15, 2020

Latest time to lodge **WHITE** and **YELLOW** Application Forms . . . . 12:00 noon on Thursday, October 15, 2020

Latest time to give **electronic application instructions** to HKSCC[4] . . . . 12:00 noon on Thursday, October 15, 2020

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . 12:00 noon on Thursday, October 15, 2020

Application lists close[3] . . . . 12:00 noon on Thursday, October 15, 2020

Expected Price Determination Date[5] . . . . on or around Thursday, October 15, 2020

(1) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) will be available through a variety of channels as described in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results")[10] . . . . Wednesday, October 21, 2020

(2) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.firstservice.hk**[6][10] . . . . Wednesday, October 21, 2020

Results of allocations in the Hong Kong Public Offering will be available at the "IPO Results" function in the **IPO App** or at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function[10]	Wednesday, October 21, 2020
Dispatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7][10]	Wednesday, October 21, 2020
Dispatch of refund cheques and **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[8][9][10]	Wednesday, October 21, 2020
Dealings in Shares on the Stock Exchange expected to commence on[10]	Thursday, October 22, 2020

Notes:

(1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.

(2) You will not be permitted to submit your application through the **IPO App** or the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the **IPO App** or the designated website on or before 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 or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, October 15, 2020, the application lists will not open or close on that day. For more information, see "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists".

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should see "How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS".

(5) The Price Determination Date is expected to be on or around Thursday, October 15, 2020 and, in any event, no later than Friday, October 16, 2020. If, for any reason, the Offer Price is not agreed by Friday, October 16, 2020 between the Sole Global Coordinator (on behalf of the Underwriters) and our Company, the Global Offering will not become unconditional and will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) Share certificates for the Offer Shares will become valid certificates of title at 8:00 a.m. on Thursday, October 22, 2020 provided that (i) the Global Offering has become unconditional in all respects and (ii) none of the Underwriting Agreements have been terminated in accordance with its terms. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

(8) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

(9) Applicants who have applied on **WHITE** Application Forms or the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our Company's Hong Kong Share Registrar, Tricor Investor Services Limited from 9:00 a.m. to 1:00 p.m. on Wednesday, October 21, 2020 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce evidence of identity acceptable to our Company's Hong Kong Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should see "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies — Personal Collection — (iv) If you apply via electronic application instructions to HKSCC" for details.

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

For more information, see "How to Apply for Hong Kong Offer Shares — 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies".

(10) In case a typhoon warning signal no. 8 or above, a black rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Monday, October 12, 2020 to Thursday, October 22, 2020, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) dispatch of Share certificates and refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

The above expected timetable is a summary only. For details of the structure and conditions of the Global Offering, as well as the application procedures for Hong Kong Public Offering, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

This prospectus is issued by First Service Holding 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. Our 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 our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, 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.

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". You should read that section carefully before you decide to invest in the Offer Shares.

OUR MISSION

We position ourselves as a property management service provider that promotes comfortable living through technological innovation. While catering to all stages of the property life cycle, we strive to provide customers with digitally connected, green and healthy living experiences in residential and non-residential properties.

OVERVIEW

We provide property management services and green living solutions that cover the full property life-cycle. Since the commencement of our business in 1999, we have pursued rapid expansion and financial success. CIA has ranked us No. 31 among the 2020 Top 100 Property Management Companies in terms of overall strength[(1)], representing an upward improvement of 45 places from our ranking of No. 76 in 2015. In May 2020, CIA also recognized us as one of the 2020 Top 100 Property Management Companies in terms of Service Quality (2020中國物業服務百強服務質量領先企業). Furthermore, according to CIA, we achieved year-on-year growth in terms of GFA under management of 29.6% from 2018 to 2019, higher than the year-on-year growth of GFA under management of 15.1% for the Top 100 Property Management Companies. As of April 30, 2020, we had contracted to provide property management services in 52 cities across 19 provinces and municipalities in China.

We historically focused on enhancing quality of life within residential properties, which accounted for more than 95.0% of our total GFA under management as of April 30, 2020. During the Track Record Period, our GFA under management increased at a CAGR of 38.9% from 7.1 million sq.m. as of December 31, 2017 to 13.7 million sq.m. as of December 31, 2019, and further to 15.0 million sq.m. as of April 30, 2020. Our contracted GFA grew at a CAGR of 50.2% from 11.4 million sq.m. as of December 31, 2017 to 25.7 million sq.m. as of December

Note:

(1) CIA publishes an annual ranking of China-based property management companies by overall strength each year. CIA prepares the ranking by assessing certain key factors as relevant to each company, including but not limited to management scale, operational performance, service quality, growth potential and social responsibility. The 2020 Top 100 Property Management Companies comprised of 244 companies, where multiple companies with the same or very close scores were assigned the same ranking. Our rankings based on growth rate, revenue per sq.m. and proportion of total GFA under management certified as "green buildings" may be different from the rankings in terms of overall strength. For more information, see "Industry Overview — Background and Methodologies of CIA".

31, 2019, and further to 27.0 million sq.m. as of April 30, 2020. Our revenue increased at a CAGR of 28.4% from RMB379.2 million in 2017 to RMB624.7 million in 2019, as compared to the average increase in CAGR of 18.4% for the 2019 Top 100 Property Management Companies over the same period. Our net profit increased at a CAGR of 41.6% from RMB41.8 million in 2017 to RMB83.9 million in 2019, as compared to the average increase in CAGR of 26.1% for the 2019 Top 100 Property Management Companies over the same period. Out of our total of 99 property management projects as of April 30, 2020, 33 were certified as "green buildings"(2), amounting to a total GFA under management of 6.7 million sq.m. and generating RMB75.7 million, or 33.6%, of our total revenue for the four months ended April 30, 2020.

In addition to our property management services, we offer green living solutions that allow us to improve living conditions while upholding our commitment to environmental sustainability. They include energy operation services, where we operate energy stations to provide central heating and central cooling as an alternative to government-operated centralized heating systems. We also provide green technology consulting and systems installation services, where we design and install energy systems to enhance indoor comfort.

We have been able to count on the Controlling Shareholders Group as a source of business opportunities while making consistent efforts to establish and cultivate relationships with third-party developers. During the Track Record Period, we managed all the projects sourced from the Controlling Shareholders Group, which focuses on property development, property investment and a range of related businesses. The Controlling Shareholders Group comprises Modern Land Group (the shares of which are listed on the Stock Exchange (stock code: 1107)), Modern Investment Group and Super Land Group. Modern Land is ultimately owned as to 66.11% by Mr. Zhang Lei as of the Latest Practicable Date. Modern Investment is ultimately and wholly-owned by Mr. Zhang Lei and his daughter, Ms. Zhang Xinyu. Super Land is ultimately and wholly-owned by Mr. Zhang Lei, his family members and certain other individuals. In 2017, 2018, 2019 and the four months ended April 30, 2020, revenue generated from services provided to the Controlling Shareholders Group amounted to RMB97.5 million, RMB137.9 million, RMB173.8 million and RMB50.9 million, respectively, accounting for 25.7%, 27.8%, 27.8% and 22.7% of our total revenue, respectively. We are confident that our long-term and stable business relationship with the Controlling Shareholders Group has allowed and will continue to allow us to benefit from its project reserve. Our Directors therefore expect that the Controlling Shareholders Group will continue to contribute to a substantial portion of our revenue, and believe the risk of terminating our mutual and complementary relationship with the Controlling Shareholders Group is remote. For more information, see "— Relationship with Controlling Shareholders" in this section and "Relationship with Controlling Shareholders".

Note:

(2) According to CIA, the term commonly used in the PRC property development and property management industries to refer to properties that have been awarded "Green Building Labels" (綠色建築標識) by MOHURD and its local administrative authorities. The certification criteria for "Green Building Labels" are based on the five factors of safety and durability (安全耐久), health and comfort (健康舒適), lifestyle convenience (生活便利), resource conservation (資源節約) and livability (環境宜居). For more information, see "Industry Overview — The PRC Property Management Industry — Property Management for 'Green Buildings' — Certification Requirements for 'Green Building Labels'".

We believe our growth is primarily attributable to our business development capabilities. Our GFA under management and revenue attributable to third-party developers grew significantly during the Track Record Period. Our GFA under management sourced from third-party developers increased at a CAGR of 88.6% from 0.9 million sq.m. as of December 31, 2017 to 3.2 million sq.m. as of December 31, 2019, and further to 4.1 million sq.m. as of April 30, 2020. We also experienced corresponding growth in revenue generated from property management projects sourced from third-party developers, from RMB8.4 million in 2017 to RMB40.9 million in 2019, and from RMB12.3 million for the four months ended April 30, 2019 to RMB14.6 million for the four months ended April 30, 2020. Furthermore, our contracted GFA sourced from third-party developers increased at a CAGR of 89.5% from 2.7 million sq.m. as of December 31, 2017 to 9.7 million sq.m. as of December 31, 2019, and further to 10.2 million sq.m. as of April 30, 2020.

OUR BUSINESS MODEL

We focus on providing property management services and green living solutions that cover the full property life cycle. Our service portfolio may be segregated into the following three business lines:

Property management services — We provide property developers, property owners and residents with a standard range of property management services, which primarily comprise cleaning, security, gardening and repair and maintenance. Our portfolio of properties under management includes residential and non-residential properties. Our non-residential properties are properties not built for residential use and primarily include office buildings, government facilities, hotels and shopping centers.

Green living solutions — We provide green living solutions to property developers, property owners and residents. These services comprise (i) energy operation services; (ii) green technology consulting services; (iii) systems installation services; and (iv) sales of our AIRDINO systems.

Value-added services We provide value-added services to non-property owners, property owners and residents. Our value-added services primarily comprise (i) value-added services to non-property owners, including (a) sales assistance services and (b) preliminary planning and design consultancy services, such as on-site design consulting, construction stage inspection, sales assistance consulting and pre-delivery inspection, as well as (ii) community value-added services, including (a) parking space management services, (b) communal area leasing services and (c) home living services.

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

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Property management services	157,740	41.6	202,401	40.8	272,818	43.7	79,095	38.8	93,147	41.4
Green living solutions	101,293	26.7	128,746	26.0	154,550	24.7	57,845	28.4	68,877	30.6
Value-added services	120,180	31.7	164,384	33.2	197,311	31.6	66,879	32.8	62,836	28.0
– Value-added services to non-property owners	53,302	14.0	77,466	15.7	100,445	16.0	34,234	16.8	35,024	15.6
– Community value-added services	66,878	17.7	86,918	17.5	96,866	15.6	32,645	16.0	27,812	12.4
Total	379,213	100.0	495,531	100.0	624,679	100.0	203,819	100.0	224,860	100.0

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

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Property management services										
Modern Land Group	12,459	3.3	18,340	3.7	18,131	2.9	5,970	2.9	3,744	1.7
Other associates of our Controlling Shareholders[(1)]	5,538	1.5	10,160	2.1	14,812	2.4	3,554	1.8	2,733	1.2
Independent Third Parties[(2)]	139,743	36.8	173,901	35.0	239,875	38.4	69,571	34.1	86,670	38.5
Subtotal	157,740	41.6	202,401	40.8	272,818	43.7	79,095	38.8	93,147	41.4
Green living solutions										
Modern Land Group	10,190	2.7	23,061	4.7	34,997	5.6	11,573	5.7	11,799	5.2
Other associates of our Controlling Shareholders[(1)]	16,300	4.3	13,024	2.6	12,049	1.9	2,847	1.4	1,971	0.9
Independent Third Parties[(2)]	74,803	19.7	92,661	18.7	107,504	17.2	43,425	21.3	55,107	24.5
Subtotal	101,293	26.7	128,746	26.0	154,550	24.7	57,845	28.4	68,877	30.6
Value-added services[(3)]										
Modern Land Group	34,051	9.0	52,977	10.7	59,513	9.5	22,964	11.3	21,995	9.8
Other associates of our Controlling Shareholders[(1)]	19,010	5.0	20,369	4.1	34,339	5.5	10,448	5.1	8,702	3.9
Independent Third Parties[(2)]	67,119	17.7	91,038	18.4	103,459	16.6	33,467	16.4	32,139	14.3
Subtotal	120,180	31.7	164,384	33.2	197,311	31.6	66,879	32.8	62,836	28.0
Total	379,213	100.0	495,531	100.0	624,679	100.0	203,819	100.0	224,860	100.0

Notes:

(1) Refers to other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

(2) Refers to third-party developers, property owners and residents that are independent from our Controlling Shareholders.

(3) Includes value-added services provided to non-property owners, such as sales assistance services and preliminary planning and design consultancy services, as well as community value added services to property owners and residents, such as parking space management services, communal area leasing services and home living services.

The table below sets forth a breakdown of our total revenue by business line and project source for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Property management services										
Modern Land Group	137,892	36.4	161,491	32.6	200,467	32.1	58,055	28.5	72,902	32.4
Other associates of our Controlling Shareholders[1]	11,474	3.0	20,882	4.2	31,449	5.0	8,697	4.3	5,667	2.5
Third-party developers	8,374	2.2	20,028	4.0	40,902	6.6	12,343	6.0	14,578	6.5
Subtotal	157,740	41.6	202,401	40.8	272,818	43.7	79,095	38.8	93,147	41.4
Green living solutions										
Modern Land Group	75,630	19.9	96,279	19.5	115,095	18.4	50,477	24.8	55,730	24.8
Other associates of our Controlling Shareholders[1]	13,532	3.6	12,018	2.4	12,892	2.1	3,370	1.7	3,775	1.7
Third-party developers	12,131	3.2	20,449	4.1	26,563	4.2	3,998	1.9	9,372	4.1
Subtotal	101,293	26.7	128,746	26.0	154,550	24.7	57,845	28.4	68,877	30.6
Value-added services										
Modern Land Group	99,757	26.4	124,813	25.2	128,691	20.6	47,954	23.5	40,658	18.1
Other associates of our Controlling Shareholders[1]	16,843	4.4	21,237	4.3	34,600	5.5	10,482	5.1	10,161	4.5
Third-party developers	3,580	0.9	18,334	3.7	34,020	5.5	8,443	4.2	12,017	5.4
Subtotal	120,180	31.7	164,384	33.2	197,311	31.6	66,879	32.8	62,836	28.0
Total	379,213	100.0	495,531	100.0	624,679	100.0	203,819	100.0	224,860	100.0

Note:

(1) Includes projects sourced from other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

During the Track Record Period, substantially all of our property management fees were charged on a lump sum basis, with the remainder charged on a commission basis. In 2017, 2018, 2019 and the four months ended April 30, 2019 and 2020, 99.8%, 99.8%, 99.9%, 99.9% and 99.9% of our revenue was charged on a lump sum basis, respectively, while 0.2%, 0.2%, 0.1%, 0.1% and 0.1% of our revenue was charged on a commission basis for the same periods, respectively.

During the Track Record Period, the steady growth of our revenue was primarily due to (i) the increase in revenue from our property management services as a result of the growth in our GFA under management from 7.1 million sq.m. as of December 31, 2017 to 15.0 million sq.m. as of April 30, 2020, (ii) a general increase in revenue from our green living solutions and (iii) a general increase in revenue from value-added services.

The table below sets forth the breakdown of our gross profit and gross profit margin by business line for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Property management services	40,120	25.4	50,506	25.0	73,220	26.8	18,692	23.6	25,889	27.8
Green living solutions	31,038	30.6	37,072	28.8	52,947	34.3	16,261	28.1	20,057	29.1
Value-added services	52,178	43.4	77,379	47.1	91,342	46.3	29,793	44.5	28,730	45.7
– Value-added services to non-property owners	16,614	31.2	26,293	33.9	30,610	30.5	10,441	30.5	11,446	32.7
– Community value-added services	35,564	53.2	51,086	58.8	60,732	62.7	19,352	59.3	17,284	62.1
Total	123,336	32.5	164,957	33.3	217,509	34.8	64,746	31.8	74,676	33.2

Our gross profit in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020 amounted to RMB123.3 million, RMB165.0 million, RMB217.5 million, RMB64.7 million and RMB74.7 million, respectively, which was generally in line with the increase in our revenue during the same periods. During the same periods, we recorded gross profit margins of 32.5%, 33.3%, 34.8%, 31.8% and 33.2%, respectively. Our overall gross profit margin remained stable primarily because we have maintained a relatively stable business mix throughout the Track Record Period. The gross profit margin of our property management services increased from 23.6% for the four months ended April 30, 2019 to 27.8% for the four months ended April 30, 2020, which was primarily due to the increased economies of scale upon the delivery of multiple phases of the same projects. The gross profit margin of our green living solutions increased from 28.8% in 2018 to 34.3% in 2019, which was primarily due to the (i) the increase in gross profit margin of our systems installation services as a result of our undertaking of systems installation projects with higher gross profit margins in relation to weak current engineering and intelligent building systems; and (ii) the increase in gross profit margin of our green technology consulting services. The gross profit margin of our value-added services increased from 43.4% in 2017 to 47.1% in 2018, primarily as we engaged more subcontracting labor in providing our services.

The table below sets forth a breakdown of our gross profit and gross profit margin from property management services by project source for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Modern Land Group	35,735	25.9	41,525	25.7	56,456	28.2	14,391	24.8	21,194	29.1
Other associates of our Controlling Shareholders[(1)]	2,702	23.5	4,936	23.6	7,874	25.0	1,769	20.3	1,507	26.6
Third-party developers	1,683	20.1	4,045	20.2	8,890	21.7	2,532	20.5	3,188	21.9
Gross profit/overall gross profit margin	40,120	25.4	50,506	25.0	73,220	26.8	18,692	23.6	25,889	27.8

Note:

(1) Includes projects sourced from other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

Our gross profit margin for projects sourced from third-party developers were generally lower than that of the projects sourced from Modern Land Group and other associates of our Controlling Shareholders during the Track Record Period, primarily as (i) we incurred higher initial costs in relation to community facilities upgrade for certain of our projects taken over from other property management companies in 2017, 2018 and 2019. Depending on the needs of the respective projects, we performed different types of community facilities upgrade, among other things, major repair and replacement of elevators and other public facilities, public area renovation, driveway transformation and landscape transformation and incurred incremental costs for these upgrades as these projects were of relatively long history as compared to our projects sourced from our Controlling Shareholders. We generally did not incur such incremental costs for community facilities upgrade for projects sourced from Controlling

Shareholders as such projects were mainly newly developed property projects. In 2017, 2018 and 2019, we incurred initial costs for facilities upgrade which accounted for approximately 3.5%, 2.4% and 2.0% of the total cost of sales of our property management services for the projects sourced from third-party developers in 2017, 2018 and 2019, respectively; and (ii) we incurred loss or attained low profit margin for certain projects sourced from third-party developers for strategic expansion purposes in 2018, 2019 and the four months ended April 30, 2020 that we managed only a relatively small area at the early stage of our management leading to difficulties in achieving efficiency. As of the Latest Practicable Date, the GFA under management of such projects increased subsequently after the Track Record Period upon the delivery of more GFA and we expect to manage a further larger area upon the delivery of more GFA such that we will be able to achieve better cost efficiency and economies of scale.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Labor costs	88,013	34.4	107,960	32.7	142,738	35.1	44,405	31.9	49,592	33.0
Subcontracting charges	64,107	25.1	89,077	26.9	113,536	27.9	37,229	26.8	42,057	28.0
Utility expenses	69,866	27.3	77,283	23.4	81,625	20.0	37,716	27.1	38,662	25.7
Repair and maintenance expenses	17,386	6.8	19,973	6.0	27,496	6.8	6,704	4.8	5,802	3.9
Materials and consumables	3,049	1.2	12,400	3.8	15,358	3.8	3,398	2.4	2,557	1.7
Cleaning, gardening and security expenses	7,372	2.9	13,203	4.0	15,203	3.7	3,841	2.8	4,221	2.8
Cost of inventories	5,176	2.0	6,477	2.0	6,962	1.7	2,909	2.1	1,287	0.9
Others[1]	908	0.3	4,201	1.2	4,252	1.0	2,871	2.1	6,006	4.0
Total	255,877	100.0	330,574	100.0	407,170	100.0	139,073	100.0	150,184	100.0

Note:

(1) Others include insurance, depreciation and amortization in relation to our equipment and customer relationships.

During the Track Record Period, we managed projects sourced from Modern Land Group, other associates of our Controlling Shareholders and third-party developers. Our tender success rates with respect to property management projects sourced from Modern Land Group and other associates of our Controlling Shareholders were 100.0% in each of 2017, 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date, while our tender success rates with respect to property management projects sourced from third-party developers were 65.0%, 57.1%, 56.6%, 57.1% and 65.7%, respectively, in the same periods. Our tender success rates with respect to property management projects sourced from third-party developers decreased between 2017 and 2018, primarily because we increased the number of tender bids submitted to third-party developers. Such tender success rates remained stable between 2018 and 2019, although we substantially increased the number of tender bids submitted to third-party developers by 89.3%. We believe the improvement in our tender success rates for property management projects sourced from third-party developers in 2020 is the result of our continuing aggressive efforts to diversify our customer base, and underscores our general success in expanding our appeal. For more information, see "Business — Property Management Services — The Tender Bidding Process".

The table below sets forth a breakdown of our total number of property management projects and GFA under management as of the dates indicated, by project source, for the periods indicated:

	As of or for the year ended December 31,									As of or for the four months ended April 30, 2020		
	2017			2018			2019					
	No. of projects	GFA under management		No. of projects	GFA under management		No. of projects	GFA under management		No. of projects	GFA under management	
		sq.m. '000	%		sq.m. '000	%		sq.m. '000	%		sq.m. '000	%
Modern Land Group	40	5,567	78.5	45	6,797	64.4	57	8,734	63.8	63	9,685	64.4
Other associates of our Controlling Shareholders(1)	7	610	8.6	10	1,767	16.7	9	1,728	12.6	7	1,230	8.2
Third-party developers	10	914	12.9	19	1,997	18.9	28	3,228	23.6	29	4,118	27.4
Total	57	7,091	100	74	10,561	100.0	94	13,690	100.0	99	15,033	100.0

Note:

(1) Includes projects sourced from other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

We managed to increase our GFA under management for projects sourced from third-party developers at a CAGR of approximately 88.6% from 0.9 million sq.m. as of December 31, 2017 to 3.2 million sq.m. as of December 31, 2019, and further to 4.1 million sq.m. as of April 30, 2020. We also experienced corresponding growth in revenue generated from property management projects sourced from third-party developers, from RMB8.4 million in 2017 to RMB40.9 million in 2019, and from RMB12.3 million for the four months ended April 30, 2019 to RMB14.6 million for the four months ended April 30, 2020. Such growth in GFA under management and revenue was primarily attributable to our continuous efforts to grow our business by competing and succeeding in more tender biddings.

In line with this trend, we were also able to increase our contracted GFA sourced from third-party developers at a CAGR of 89.5% from 2.7 million sq.m. as of December 31, 2017 to 9.7 million sq.m. as of December 31, 2019, and further to 10.2 million sq.m. as of April 30, 2020. The table below sets forth a breakdown of our number of contracted projects, contracted GFA and undelivered GFA as of the dates indicated, by project source:

	As of December 31,															As of April 30, 2020				
	2017					2018					2019									
	No. of projects[(1)]	Contracted GFA		Undelivered GFA		No. of projects[(1)]	Contracted GFA		Undelivered GFA		No. of projects[(1)]	Contracted GFA		Undelivered GFA		No. of projects[(1)]	Contracted GFA		Undelivered GFA	
		sq.m. '000	%	sq.m. '000	%		sq.m. '000	%	sq.m. '000	%		sq.m. '000	%	sq.m. '000	%		sq.m. '000	%	sq.m. '000	%
Modern Land Group	50	7,498	66.0	1,931	45.3	68	10,710	60.0	3,913	53.8	82	12,941	50.3	4,207	35.0	87	13,879	51.4	4,194	35.0
Other associates of our Controlling Shareholders	11	1,108	9.8	498	11.7	14	2,083	11.7	316	4.3	19	3,032	11.8	1,304	10.8	19	2,913	10.8	1,683	14.1
Third-party developers	22	2,749	24.2	1,835	43.0	36	5,042	28.3	3,045	41.9	64	9,748	37.9	6,520	54.2	67	10,215	37.8	6,097	50.9
Total	83	11,355	100.0	4,264	100.0	118	17,835	100.0	7,274	100.0	165	25,721	100.0	12,031	100.0	173	27,007	100.0	11,974	100.0

Note:

(1) Refers to the number of contracted projects.

Since our inception, we expanded our geographic presence for contracted GFA to 52 cities across 19 provinces and municipalities, and for GFA under management to 24 cities across 15 provinces and municipalities as of April 30, 2020. As of the same date, we had 10.4 million sq.m., or 69.2%, of our GFA under management located in first-tier cities and provincial capitals. We also had 15.4 million sq.m., or 57.1%, of our contracted GFA located in first-tier cities and provincial capitals. During the Track Record Period, we generally provided property management services as well to residential communities to which we were providing energy operation services, but did not always provide energy operation services to residential communities to which we were providing property management services. As of December 31, 2017, 2018 and 2019 and April 30, 2020, we provided energy operation services in relation to 53.5%, 40.6%, 34.8% and 29.9% of our GFA under management, respectively. As of the same dates, we provided property management services in relation to 100.0%, 100.0%, 94.3% and 100.0% of our GFA under energy operation, respectively. For more information, see "Business — Green Living Solutions — Energy Operation Services — Our Service Model".

The table below sets forth our average property management fee by project source for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	(RMB per sq.m. per month)				
Modern Land Group	2.64	2.63	2.57	2.56	2.53
Other associates of our Controlling Shareholders(1)	2.91	2.42	2.10	2.04	2.07
Third-party developers	1.58	1.69	2.00	2.00	1.89
Overall	2.56	2.45	2.37	2.37	2.32

Note:

(1) Includes projects sourced from other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

During the Track Record Period, our average property management fee for projects sourced from third-party developers was generally lower than those sourced from Modern Land Group and other associates of our Controlling Shareholders, primarily affected by the type and age of the respective property projects. In 2017 and 2018, we recorded a relatively low average property management fee for projects sourced from third-party developers of RMB1.58 per sq.m. per month and RMB1.69 per sq.m. per month, respectively, mainly attributable to (i) certain projects taken over from other property management companies in 2016 and 2017 which had a relatively long history of over ten years; and (ii) certain first hand property management projects that were located in sub-central area of Changsha and Xi'an. In 2019, the average property management fee for projects sourced from third-party developers increased to RMB2.00 per sq.m. per month, primarily as we sourced two new property management projects which had higher property management fee rates, one of which was a residential property project located in Beijing and the other was a commercial property project. The average property management fee for projects sourced from third-party developers decreased to RMB1.89 per sq.m. per month for the four months ended April 30, 2020, primarily due to the inclusion of two new property management projects located in Taiyuan and Heze during the period, where the fee rates were generally lower. In 2017, we had a higher average property management fee attributable to projects sourced from other associates of our Controlling Shareholders of RMB2.91 per sq.m. per month, primarily as we provided services to a commercial property project in relation to the management of shared office located in Xi'an which had a higher property management fee rate. The average property management fee attributable to projects sourced from other associates of our Controlling Shareholders decreased to RMB2.42 per sq.m. per month in 2018 and further to RMB2.10 per sq.m. per month in 2019, mainly due to the inclusion of a new residential property project located in Xi'an with GFA under management of 0.9 million sq.m. that had a lower property management fee rate in the second half of 2018.

One indicator of general satisfaction with our property management services is our retention rates. Retention rates for our property management services business line take into account voluntary withdrawal from loss-making, or potentially loss-making, property management projects before the relevant property management contracts expire. They also take into account preliminary management contracts without fixed terms and preliminary management contracts with fixed terms but for which property owner associations had not been established. In 2017, 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date, our retention rates for our overall property management portfolio were 100.0%, 98.2%, 97.3%, 98.9% and 97.9%, respectively. These retention rates were slightly lower than 100.0% in 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date, primarily because we voluntarily withdrew from two, three, one and two property management project(s) in 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date, respectively. As those projects were loss-making or at risk of being loss-making, we terminated them in order to reallocate our resources to more profitable engagements. Our retention rates with respect to projects sourced from Modern Land Group were 100.0% in each of 2017, 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date. With respect to projects sourced from other associates of our Controlling Shareholders, our retention rates were 100.0%, 100.0%, 90.0%, 100.0% and 100.0%, respectively, in the same periods, while our retention rates for projects sourced from third-party developers were 100.0%, 90.0%, 94.7%, 96.4% and 92.9%, respectively, in the same periods.

The table below sets forth the expiration schedule of our property management contracts as of April 30, 2020:

	Contracted GFA	GFA under management	Undelivered GFA
		(sq.m. '000)	
Preliminary management contracts[1]	21,716	12,208	9,509
Property management contracts with fixed terms expiring in			
Year ending December 31, 2020	699	357	342
Year ending December 31, 2021	1,215	880	335
Year ending December 31, 2022	1,650	728	922
Year ending December 31, 2023 and beyond	1,727	860	866
Subtotal	5,291	2,825	2,465
Total	27,007	15,033	11,974

Note:

(1) Preliminary management contracts will automatically terminate when a property owner association is established and enters into a property management contract with a formally-appointed property management service provider. Under the Regulations on Property Management (物業管理條例), preliminary management contracts may also be terminated if more than half of the property owners who own over half of the total construction area of buildings vote to do so at a property owners' meeting.

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of property developers, property owners and residents. In 2017, 2018, 2019 and the four months ended April 30, 2020, revenue generated from services provided to Modern Land Group amounted to RMB56.7 million, RMB94.4 million, RMB112.6 million and RMB37.5 million, respectively, accounting for approximately 15.0%, 19.1%, 18.0% and 16.7%, respectively, of our total revenue. In 2017, 2018, 2019 and the four months ended April 30, 2020, revenue generated from services provided to our five largest customers amounted to RMB75.0 million, RMB119.7 million, RMB138.8 million and RMB46.1 million, respectively, accounting for approximately 19.9%, 24.2%, 22.1% and 20.4%, respectively, of our total revenue.

Our suppliers are primarily subcontractors for our services and the assembly of our AIRDINO systems, as well as suppliers of utilities and human resource companies. In 2017, 2018, 2019 and the four months ended April 30, 2020, purchases from our five largest suppliers amounted to RMB84.1 million, RMB103.9 million, RMB110.4 million and RMB53.5 million, respectively, accounting for 32.9%, 31.5%, 27.1% and 35.7%, respectively, of our total cost of sales.

OUR COMPETITIVE STRENGTHS

- Established Property Management Service Provider with Growth Potential
- In-depth Know-how and Design and Consultation Capabilities
- High Customer Satisfaction, Achieved by Offering Enhanced Customer Experiences and Quality Services through a Standardized Management System
- Significant Growth Opportunities Underpinned by our Independent Business Development Capabilities and Brought about by the Support of Modern Land Group
- Seasoned Management Team Supported by our Talent Pool

OUR BUSINESS STRATEGIES

- Continue to expand the scale of our property management business through multiple channels
- Invest in energy operation projects and obtain energy operation rights
- Develop our intelligent community and enhance our information technology systems
- Continue to research and develop green technologies for commercialization
- Continue to attract and nurture talent

COMPETITIVE LANDSCAPE

We primarily compete against the other Top 100 Property Management Companies in the PRC property management industry. CIA has ranked us No. 31 among the 2020 Top 100 Property Management Companies in terms of overall strength, representing an upward movement of 45 places from our ranking of No. 76 in 2015. Furthermore, according to CIA, we achieved year-on-year growth in terms of GFA under management of 29.6% from 2018 to 2019, higher than the year-on-year growth of GFA under management of 15.1% for the Top 100 Property Management Companies. Additionally, according to CIA, we ranked 113rd in terms of GFA under management and 78th in terms of revenue out of all of the 2020 Top 100 Property Management Companies (which is comprised of 244 companies, where multiple companies with the same or very close scores were assigned the same ranking). We are also ranked sixth and eighth among the 2020 Top 100 Property Management Companies headquartered in Beijing for growth rates in terms of GFA under management and revenue, respectively.

Furthermore, as confirmed by CIA, we compete in a green living solutions market that is small and fragmented. The energy operation service sector is still in the early stages of development. On the other hand, companies dedicated to providing green technology consulting and systems installation services are generally small in scale, and there is yet no obvious market leader. This affords individual corporations opportunities to develop and consolidate the service sectors. CIA estimates that in 2019, the size of the green technology consulting and systems installation services sectors of the green living solutions market was approximately RMB20.4 billion, having grown at a CAGR of 27.6% from RMB7.7 billion in 2015. Our Company's corresponding market share was 0.3% in terms of revenue generated from green technology consulting and systems installation services, and 3.1% in terms of revenue from our overall service portfolio. For more information on our competitive landscape, see "Industry Overview".

SUMMARY OF KEY FINANCIAL INFORMATION

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

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

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	379,213	495,531	624,679	203,819	224,860
Gross profit	123,336	164,957	217,509	64,746	74,676
Profit before taxation	56,319	72,186	106,884	20,781	22,534
Profit for the year					
Attributable to:					
Equity shareholders of our Company	39,648	50,871	77,294	16,811	15,516
Non-controlling interests	2,197	2,070	6,568	565	973
	41,845	52,941	83,862	17,376	16,489

Selected Items of Combined Statements of Financial Position

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	60,403	124,206	50,361	51,082
Current assets	477,968	553,521	669,878	522,782
Total assets	538,371	677,727	720,239	573,864
Non-controlling interests	7,982	26,265	33,593	12,747
Total equity/net assets	250,730	343,977	276,708	23,800
Current liabilities	287,610	333,750	442,965	549,466
Net current assets/(liabilities)	190,358	219,771	226,913	(26,684)
Non-current liabilities	31	–	566	598

The increase in our non-current assets from RMB60.4 million as of December 31, 2017 to RMB124.2 million as of December 31, 2018 was primarily attributable to the increase in our loan receivables. During the Track Record Period, we entered into certain loan arrangements with Independent Third Party borrowers for treasury management purposes. For more information on the loan receivables, see "Financial Information — Description of Certain Items in our Combined Statements of Financial Position — Loan Receivables". The decreases in our current assets from RMB669.9 million as of December 31, 2019 to RMB522.8 million as of April 30, 2020 and our total assets from RMB720.2 million as of December 31, 2019 to RMB573.9 million as of April 30, 2020 were primarily due to the decrease in our cash and cash equivalents resulting from the acquisition of First Living of RMB81.3 million, as well as dividend payment of RMB56.4 million. The decrease in our total equity or net assets from RMB344.0 million as of December 31, 2018 to RMB276.7 million as of December 31, 2019 was primarily due to the dividend declared by First Property Management to its then shareholders in 2019. The decrease in our total equity or net assets from RMB276.7 million as of December 31, 2019 to RMB23.8 million as of April 30, 2020 was primarily due to as of result of the deemed distribution of RMB251.5 million in relation to the acquisition of First Living and First Property Management pursuant to the Reorganization, among which RMB180.3 million represented the consideration for the acquisition of First Living from Mr. Zhang Lei and First Assets determined after arm's length negotiations between the parties, taking into account the undistributed accumulated profits and other interests, and RMB71.2 million represented the consideration for the acquisition of First Property Management from Mr. Zhang Lei and First Assets determined after arm's length negotiations between the parties and based on independent valuation. As of April 30, 2020, we had outstanding consideration payables amounted to RMB170.2 million recorded as amounts due to related parties in relation to the acquisition of First Living and First Property Management, which had been fully settled by cash as of the Latest Practicable Date. We recorded net current assets of RMB226.9 million as of December 31, 2019 and net current liabilities of RMB26.7 million as of April 30, 2020. Such change was primarily attributable to the decrease in cash and cash equivalents and increase in trade and other payables primarily as a result of the acquisition of First Living and First Property Management pursuant to the Reorganization.

Subsequent to the Track Record Period in May 2020, we acquired the remaining equity interest in First Property Management at a consideration of RMB32.3 million, which was fully settled by cash in August 2020. The total consideration in relation to the acquisition of the entire equity interest in First Property Management of RMB103.5 million was injected to our Company by the shareholders of our Company subsequent to the Track Record Period in June 2020 as part of our Reorganization, resulting in an increase of RMB103.5 million to the combined equity attributable to the equity shareholders of our Company. In addition, we received RMB10.0 million as of the Latest Practicable Date in connection with the transfer of certain fund investment business, which is delineated from our listing business, to our Controlling Shareholder as part of our Reorganization. Assuming all the transactions under the Reorganization had been completed on April 30, 2020, we would have recorded a combined net tangible assets attributable to our equity shareholders as of April 30, 2020 amounted to RMB81.2 million. For details of our unaudited pro forma adjusted combined net tangible assets, see Appendix II to this prospectus.

Selected Items of Combined Statements of Cash Flows

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Operating cash flows before changes in working capital	53,632	68,689	98,221	23,219	24,042
Changes in working capital	9,361	(5,677)	(11,858)	(43,224)	(60,867)
Income taxes paid	(15,616)	(23,602)	(27,678)	(11,038)	(3,273)
Net cash generated from/(used in) operating activities	47,377	39,410	58,685	(31,043)	(40,098)
Net cash (used in)/generated from investing activities	(122,344)	(57,784)	(679)	(107,441)	20,245
Net cash generated from/(used in) financing activities	115,437	38,371	(108,805)	147	(139,180)
Net increase/(decrease) in cash and cash equivalents	**40,470**	**19,997**	**(50,799)**	**(138,337)**	**(159,033)**
Cash and cash equivalents at the beginning of the year/period	250,460	290,930	310,927	310,927	260,128
Cash and cash equivalents at the end of the year/period	290,930	310,927	260,128	172,590	101,095

During the four months ended April 30, 2019 and 2020, we recorded net operating cash outflows mainly due to a significant decrease in working capital arising primarily from the increase in our trade and other receivables during the periods. The increase in our trade and other receivables was mainly due to the lower collection of our property management fee during the first four months prior to our extra collection efforts to be performed near the end of the second quarter and new year holiday during the period. For the four months ended April 30, 2020, the increase in our trade and other receivables was also affected by the outbreak of the novel coronavirus. We mainly fund our operating activities through cash generated from our business activities. We believe our working capital will be sufficient in the near future despite the fact that we recorded operating cash outflows during the four months ended April 30, 2020 and a net current liabilities as of April 30, 2020, considering (i) the collection of prepaid property management fees and energy operation service fees which bring us stable cash inflows from time to time. In particular, we performed extra collection efforts near the end of the second quarter to improve our cash position and we tend to collect more outstanding property management fees toward the second half of the year, especially near the end of the year; (ii) measures we have been taking to improve collection of property management fees and advances of property management fees. from our customers, for more information regarding our collection of property management fees, see "Business — Property Management Services — Payment and Credit Terms"; (iii) realization of certain of our investment in wealth management products subsequent to April 30, 2020; and (iv) the proceeds we expect to receive from the Global Offering upon the Listing. In order to manage our cash position and working capital sufficiency, our finance department (i) prepares an annual analysis of the forecast amount and timing of cash inflows and outflows in relation to each new projects as well as our other cash requirements associated with our existing projects and our overall business operations so as to ensure the sufficiency of our financial resources; and (ii) monitors the current and expected cash requirement on a monthly basis to ensure we maintain sufficient financial resources to meet the cash requirements of our Group as a whole and may control cost incurred as necessary. Meanwhile, we endeavor to bargain for a longer credit period from our suppliers to minimize the time gap between the payments required for procurement of goods and services and the receipt of service fees.

Key Financial Ratios

The following table sets forth the major financial ratios as of the dates and for the periods indicated:

Financial metrics	As of/for the year ended December 31,			As of or for the four months ended
	2017	2018	2019	April 30, 2020
Gross profit margin	32.5%	33.3%	34.8%	33.2%
Return on assets	9.5%	8.7%	12.0%	N/A
Return on equity	24.3%	17.8%	27.0%	N/A
Current ratio	1.66	1.66	1.51	0.95
Liabilities to assets ratio	0.53	0.49	0.62	0.96
Gearing ratio	N/A	N/A	0.04	0.42

Note:

(1) For the definition of the financial ratios, see "Financial Information — Summary of Key Financial Information — Key Financial Ratios".

GLOBAL OFFERING STATISTICS

Offer size:	Initially 250,000,000 Shares comprising (i) 25,000,000 new Shares for subscription by the public in Hong Kong (subject to adjustment) and (ii) 225,000,000 new Shares (assuming that the Over-allotment Option is not exercised) offered for subscription under International Offering
Offering structure:	Approximately 10% for the Hong Kong Public Offering (subject to reallocation) and approximately 90% for the International Offering (subject to adjustment and the Over-allotment Option)
Over-allotment Option:	Up to 37,500,000 additional Shares to be allotted and issued by our Company, representing 15% of the number of Offer Shares initially available under the Global Offering
Offer Price range:	HK$1.86 to HK$2.46 per Offer Share, mid-point Offer Price HK$2.16

	Based on the minimum Offer Price of HK$1.86 per Offer Share	**Based on the maximum Offer Price of HK$2.46 per Offer Share**
Market capitalization of our Shares(1)	HK$1,860,000,000	HK$2,460,000,000
Unaudited pro forma adjusted combined net tangible asset per Share(2)	HK$0.52	HK$0.72

Notes:

(1) 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.

(2) The unaudited pro forma adjusted combined net tangible asset per Share is calculated after making the adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information" to this prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$485.5 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$2.16 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus) and that the Over-allotment Option is not exercised. We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 50.0%, or approximately HK$242.8 million, will be used to pursue strategic acquisitions or investments in property management companies;
- approximately 20.0%, or approximately HK$97.1 million, will be used to invest in energy operation projects and obtain energy operation rights;
- approximately 5.0%, or approximately HK$24.2 million, will be used to research and develop green technologies;
- approximately 10.0%, or approximately HK$48.6 million, will be used to enhance our information technology systems and develop our intelligent community;
- approximately 5.0%, or approximately HK$24.2 million, will be used for attracting and nurturing talent; and
- approximately 10.0%, or approximately HK$48.6 million, will be used for general business operations and working capital.

For more information, see "Future Plans and Use of Proceeds".

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account options which may be granted under the Share Option Scheme), Glorious Group, Cedar Group and Hao Fung will hold approximately 33.2%, 6.4% and 17.1%, respectively of our total issued share capital. Glorious Group and Cedar Group are both controlled and wholly-owned by Mr. Zhang Lei. Hao Fung is controlled and wholly-owned by Mr. Zhang Peng.

Mr. Zhang Lei and Mr. Zhang Peng have entered into an acting-in-concert agreement, pursuant to which they agreed that Mr. Zhang Peng will put forward such resolution as advised and expressed by Mr. Zhang Lei, to be passed at any shareholders' meeting of the members of our Group or their respective predecessors during the period when they remain as controlling shareholders of our Company. Mr. Zhang Peng also agreed to vote in the same manner as advised and expressed by Mr. Zhang Lei. Accordingly, Mr. Zhang Lei, Glorious Group, Cedar Group, Mr. Zhang Peng and Hao Fung are a group of Controlling Shareholders acting in concert. For more information, see "Relationship with Controlling Shareholders — Our Controlling Shareholders".

During the Track Record Period, we derive a significant part of our revenue from the Controlling Shareholders Group, being (i) the Modern Land Group, which comprises Modern Land, of which ultimately owned as to 66.11% by Mr. Zhang Lei as of the Latest Practicable Date, and its subsidiaries, (ii) Modern Investment, of which ultimately and wholly-owned by Mr. Zhang Lei and his daughter, Ms. Zhang Xinyu, and its subsidiaries and 30%-controlled companies (as defined under the Listing Rules), and (iii) Super Land a company ultimately and wholly-owned by a discretionary family trust, of which Mr. Zhang Lei, his family members and certain other individuals are beneficiaries, and the joint ventures and associates (as defined under the IFRS) that Super Land had invested in through the Modern Land Group.

Our Company has a well-established and ongoing business relationship with the Controlling Shareholders Group, which is nearly 20 years to date. Throughout our cooperation with the Controlling Shareholders Group, we have built up a mutually dependent relationship. Our Directors therefore expect that the Controlling Shareholders Group will continue to contribute to a significant part of our revenue, and believe that the risk on the termination of relationship with the Controlling Shareholders Group is remote. During the Track Record Period, we also provided services to independent third-party customers, which represent property developers, property owners and residents that are independent of the Controlling Shareholders and the Controlling Shareholders Group. We have adopted and will continue to adopt measures to reduce our reliance on the Controlling Shareholders Group. For more information, see "Relationship with our Controlling Shareholders — Independence from our Controlling Shareholders — Operational Independence".

Continuing Connected Transactions

Our Group has entered into transactions with the Controlling Shareholders Group and the First Living Group, which will constitute continuing connected transactions under the Listing Rules upon Listing. Our Company and the Controlling Shareholders Group have entered into (i) master software and services agreements pursuant to which our Group will provide office management software and supporting services to the Controlling Shareholders Group, (ii) master property management services agreements, pursuant to which our Group will provide property management services, energy operation services and value-added services, including parking space management services and sales assistance services to the Controlling

Shareholders Group, (iii) master contracting services agreements, pursuant to which our Group will provide systems installation services to the Controlling Shareholders Group and (iv) master energy-conservation services agreements, pursuant to which our Group will supply AIRDINO systems, and provide green technology consulting services to the Controlling Shareholders Group. Our Group will also (i) procure maintenance services, which comprise mainly of elevator system and other ad hoc maintenance services and (ii) lease certain properties, which comprises mainly office premises from the Controlling Shareholders Group. Further, our Company and the First Living Group have entered into (i) a master energy operation service agreement, pursuant to which the First Living Group will provide energy operation services to our Group and (ii) a master software and services agreement, pursuant to which our Group will provide office management software and supporting services to the First Living Group.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For more information, see “Connected Transactions”.

PRE-IPO INVESTMENTS

During the time when First Property Management was listed on NEEQ, it underwent multiple rounds of capital increase. Shanghai CDH Yaojia, CICC Global, Shanghai ODI and Shanghai Chuyuan are our Pre-IPO investors, and respectively hold approximately 8.6%, 0.9%, 2.3% and 0.6% of the total issued Shares in our Company immediately following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account options which may be granted under the Share Option Scheme). For more information, see History and Reorganization — Pre-IPO Investments”.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Developments

As compared to our total contracted GFA of approximately 27.0 million sq.m. as of April 30, 2020, as of the Latest Practicable Date our aggregate contracted GFA amounted to 32.0 million sq.m., including projects sourced from Modern Land Group with an aggregate contracted GFA of 15.9 million sq.m., projects sourced from other associates of our Controlling Shareholders with an aggregate contracted GFA of 3.2 million sq.m. and projects sourced from third-party developers with an aggregate contracted GFA of 12.9 million sq.m. Out of our aggregate contracted GFA as of the Latest Practicable Date, our aggregate GFA under management was 16.6 million sq.m., including projects sourced from Modern Land Group with an aggregate GFA under management of 10.0 million sq.m., projects sourced from other associates of our Controlling Shareholders with an aggregate GFA under management of 1.2 million sq.m. and projects sourced from third-party developers with an aggregate GFA under management of 5.4 million sq.m. The table below sets forth the expected (i) number; (ii) location; (iii) type; and (iv) contracted GFA of property management projects that are expected to be awarded by the Controlling Shareholders Group subsequent to the Track Record Period:

	No. of Projects [(1)]	Locations [(1)]	Type of property [(1)]	Contracted GFA [(1)]
				sq.m.'000
Modern Land Group				
2020	21	Guangdong, Hubei, Hunan, Jiangxi, Jiangsu, Shandong, Shanxi, Shaanxi	Residential	3,841.3
2021 and thereafter	14	Chongqing, Guangdong, Guizhou, Hubei, Jiangsu, Shaanxi, Tianjing	Residential and non-residential	1,852.1
Super Land Group				
2020	5	Guangdong, Hubei, Hunan	Residential	881.7
2021 and thereafter	–	–	–	–

Note:

(1) Estimated based on land bank of the Modern Land Group and the Super Land Group as of June 30, 2020 according to Modern Land's 2020 interim results announcement.

The table below sets forth the (i) GFA under energy operation; (ii) number of parking spaces; (iii) number of sales assistance service projects; and (iv) contract sum for sales assistance service that are expected to be awarded by the Controlling Shareholders Group subsequent to the Track Record Period:

	GFA under energy operation [(1)]	No. of parking space [(1)]	No. of sales assistance service projects [(1)]	Contract sum for sales assistance service [(1)]
	sq.m.'000			RMB'000
Modern Land Group				
2020	290.3	29,255	8	13,205.4
2021 and thereafter	153.1	10,678	7	12,780.0
Super Land Group				
2020	–	9,393	3	11,214.2
2021 and thereafter	–	–	–	–

Note:

(1) Estimated based on land bank of the Modern Land Group and the Super Land Group as of June 30, 2020 according to Modern Land's 2020 interim results announcement.

Subsequent to April 30, 2020 and up to the date of this prospectus, one of our newly-obtained green living solutions service engagements related to providing green technology consulting services to an Independent Third Party for a five-star hotel redevelopment project in Beijing. We would provide green technology consulting services for the duration of the hotel redevelopment project, extending for one central heating season and one central cooling season upon its completion, but up until no further than May 28, 2021. The total contract price for this service engagement amounted to RMB0.8 million. We believe such redevelopment projects represent milestones in our efforts to diversify our customer base and project portfolio, and are opportunities to showcase our skill in providing green living solutions. According to CIA, the PRC Government is expected to continue nurturing a friendly regulatory environment that will propel the growth of a green living solutions market open for development and consolidation by companies with know-how and experience. Demonstrating our ability to provide quality green technology consulting services will allow us to build our brand recognition among potential customers and take advantage of this industry growth driver. This was the second five-star hotel redevelopment project we secured in 2020.

Effects of the Outbreak of the Novel Coronavirus

Towards the end of 2019, a highly infectious novel coronavirus was identified and quickly spread globally and throughout China. The novel coronavirus is considered highly contagious. In response, measures such as travel restrictions have been imposed in major cities in China, as well as other countries and territories, in an effort to contain the outbreak. Due to the novel coronavirus outbreak, the delivery of one of our contracted projects in Wuhan city, Hubei province for property management was delayed from March 30, 2020 to June 20, 2020. Since we generally collect property management fees in person, we also experienced delays in the collection of property management fees while unprecedented mandatory quarantine and social distancing measures were being implemented by the PRC Government in early 2020. Furthermore, due to quarantine and social distancing measures, the sales and leasing offices we serviced in relation to 35 engagements were temporarily closed from February to April 2020, signifying that we were only able to station the minimum number of staff required for general upkeep and maintenance, as opposed to full capacity for the provision of sales assistance services. We also provided less home living and communal area leasing services during the four months ended April 30, 2020. Additionally, since property development and redevelopment projects were interrupted, our progress on a collective six out of 63 ongoing green technology consulting projects, systems installation projects and AIRDINO systems sales transactions as of April 30, 2020 were temporarily suspended for approximately one to three months.

We estimate that the aforesaid business disruptions brought by the outbreak of the novel coronavirus, including (i) the delay in the delivery of one of our contracted property management projects; (ii) the temporary closure of 35 sales and leasing offices; (iii) the decrease in the provision of home living and communal area leasing services; and (iv) the temporary suspension of certain of our projects under our green living solutions business line had reduced our revenue by approximately RMB14.3 million for the four months ended April 30, 2020. Despite the foregoing, our revenue for the four months ended April 30, 2020 increased as a result of our business expansion as compared to the same period in 2019. In addition, our trade receivable turnover days increased from 67 days for the year ended December 31, 2019 to 74 days for the four months ended April 30, 2020, which was partly attributable to the delay in collection of property management fees as a result of the outbreak of the novel coronavirus.

The outbreak has led us to implement various measures in our property management projects to prevent transmission of or mitigate exposure to the disease. We incurred expenses of RMB0.6 million for the four months ended April 30, 2020 in relation to the implementation of such measures. We constantly monitor the status of the novel coronavirus outbreak, as well as the various regulatory and administrative measures adopted by local governments, to prevent and control the pandemic. Since the outbreak of the novel coronavirus and up to the Latest Practicable Date, we did not encounter any material disruption to our business operations and supply chain, nor any termination of our property management contracts and green living solutions engagements. We also did not experience any labor shortages. As of the date of this prospectus, we were gradually resuming the pace of property management fee collection, particularly as quarantine and social distancing measures were relaxed amid more effective control of the novel coronavirus outbreak in China. We had also resumed performing our obligations for all but one of the green living solutions engagements that were temporarily suspended in the four months ended April 30, 2020 (which is expected to resume by October 2020 and has a contract price of RMB3,080,000), were once again able to staff all of our sales and leasing offices at full capacity since May 2020, and were gradually increasing our provision of home living and communal area leasing services. Given the above and on the assumption that novel coronavirus outbreak in PRC will continue to stabilize, we expect that the temporary business disruptions brought by the outbreak are unlikely to materially and adversely impact our operations and financial performance for the year ending December 31, 2020. Furthermore, according to CIA, although the outbreak of the novel coronavirus is expected to cause certain short-term economic slowdown across China, it is unlikely to affect regional macroeconomic development in the long term. CIA has also projected that the novel coronavirus outbreak is expected to have limited impact on the PRC property management industry, as (i) while the PRC property development industry may be negatively impacted by the outbreak of the novel coronavirus, given the continuous rise in the urban population and urbanization rate in China, there will continue to be demand for residential and commercial properties and related property management services, particularly once the outbreak has been effectively controlled; (ii) since the pandemic is not expected to affect GFA under management and property management fee rates, it is unlikely to affect the size of the existing PRC property management market; and (iii) property construction and sales activities that were delayed have gradually resumed since measures taken by the PRC Government have mitigated the spread of the novel coronavirus. For more information on the effects of the novel coronavirus outbreak on our business, see "Business — Effects of the Outbreak of the Novel Coronavirus on our Business Operations" and "Risk Factors — Risks Relating to our Business and Industry — We face certain risks associated with the outbreak of the novel coronavirus".

Up to the Latest Practicable Date, we were not aware of any material adverse effects on our financial statements as a result of the novel coronavirus. Furthermore, after consulting with Modern Land Group, to the best knowledge of our Directors, the novel coronavirus outbreak has not had any adverse material impact on Modern Land Group which may lead to material delays in project delivery schedules or affect our ability to acquire new projects. Based on the above, we do not expect that the outbreak of the novel coronavirus would have any material adverse impact on our business and results of operations for the year ending December 31, 2020. For more information, see "— No Material Adverse Change" in this section and "Financial Information — Liquidity and Capital Resources — Working Capital Sufficiency".

We estimate that, in the unlikely event 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 novel coronavirus outbreak, based on the assumptions below and except that there would be 10% of the net proceeds from the Global Offering as allocated for working capital, our Group will remain financially viable for over ten months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the novel coronavirus mainly include: (i) we will not generate any income due to the suspension of business; (ii) we will incur one-month staff cost to dismiss front line staff assuming no mutual consent to take unpaid leave is obtained from them; (iii) trade receivables are generally settled consistently with historical patterns; (iv) trade payables are settled upon their due dates; (v) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level (including administrative staff cost, basic head office maintenance cost, utilities expenses, rental related payments) that are paid monthly; (vi) the expansion plan is delayed under such condition; and (vii) there will be no further internal or external financing from Shareholders or financial institutions. This extreme situation may or may not occur. Our analysis is for illustrative purpose only and our Directors currently assess that the likelihood this extreme situation may occur is remote. As the actual impact from the novel coronavirus outbreak will depend on its subsequent development, it is possible that any impact on our Group may be beyond the control of our Directors and that of our estimation and assessment.

No Material Adverse Change

Based on our preliminary internal data, our business operations remained stable after the Track Record Period. Our revenue for the eight months ended August 31, 2020 was approximately 13.0% higher in comparison to our revenue for the same period in 2019, which was primarily attributable to our continuing increase in under management and property management projects. As of August 31, 2020, our GFA under management amounted to 16.9 million sq.m. in relation to 110 property management projects, in comparison to our GFA under management of 12.5 million sq.m. in relation to 86 property management projects as of August 31, 2019.

After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since April 30, 2020 (being the date to which our Company's latest combined audited financial results were prepared), and there has been no event since April 30, 2020 which would materially affect the information shown in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus.

PRIOR LISTING ON THE NEEQ

First Property Management was listed on the NEEQ on May 18, 2016 and delisted from the NEEQ on December 24, 2019, and First Living was listed on the NEEQ on March 6, 2018 and delisted from the NEEQ on December 27, 2019, in contemplation of the listing of our Shares on the Stock Exchange. For more information, see "History and Reorganization — Our Group Structure."

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 HK$54.5 million (assuming an Offer Price of HK$2.16 per Share, being the mid-point of the Offer Price range and before the exercise of the Over-allotment Option), representing approximately 10.1% of the gross proceeds from the Global Offering. Of the total amount of estimated listing expenses, HK$26.2 million is directly attributable to the issuance of Shares and will be charged to equity upon completion of the Listing, approximately HK$1.1 million and HK$11.7 million have been charged to our combined statements of profit or loss and other comprehensive income for the year ended December 31, 2019 and for the four months ended April 30, 2020, respectively, and an additional amount of approximately HK$15.5 million will be charged to our combined statements of profit or loss and other comprehensive income for the eight months ending December 31, 2020. The decrease in our forecast profit for the year ending December 31, 2020 is primarily attributable to our listing expenses.

DIVIDENDS

Our Company did not declare any dividends during the Track Record Period. We have no present plan to pay any dividends to our Shareholders in the foreseeable future as we intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Dividends declared in 2017, 2018, 2019 and the four months ended April 30, 2020 represented dividends declared by a company now being part of our Group to its equity holders for the respective periods. In 2017, 2018 and 2019, First Property Management declared dividends of nil, RMB5,454,000 and RMB161,914,000 and had fully paid the dividends by cash as of April 30, 2020. In the four months ended April 30, 2020, First Living declared and paid by cash a dividend of RMB18,000,000 to its shareholders.

NON-COMPLIANCE INCIDENT

During the Track Record Period, we did not fully contribute to social insurance and housing provident fund contributions for some of our employees as required by the relevant PRC laws and regulations. As confirmed by our PRC Legal Advisor, except for our failure to make full contributions to social insurance and housing provident funds for certain employees, we have complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, there were no legal, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material adverse effect on our financial condition or results of operations. For more information, see "Business — Legal Proceedings and Compliance".

RISK FACTORS

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

- A substantial portion of our revenue is generated from services provided to, and projects sourced from, Modern Land Group and other associates of our Controlling Shareholders;

- We may fail to secure new or renew our existing property management contracts on favorable terms, or at all;

- 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;

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

- Our future acquisitions may not be successful or we may fail to achieve the desired benefits from successful acquisitions.

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

"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 second amended and restated articles of association of our Company, conditionally adopted on September 25, 2020 and which will come into effect upon Listing, as amended, supplemented or otherwise modified from time to time and a summary of which is set out in "Appendix III — Summary of the Constitution of our Company and Cayman Islands Companies Law" to this prospectus
"Aspire Global"	Aspire Global Management Limited (志远环球管理有限公司), a BVI business company incorporated in the BVI with limited liability on December 17, 2019, which is wholly-owned by Mr. Li Yi, a director of First Property Management in the past 12 months
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Beijing-Tianjin-Hebei Region"	an economic region in China encompassing Beijing, Tianjin and Hebei
"Board" or "Board of Directors"	the board of directors of our Company
"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

"CAGR"	compound annual growth rate, representing the year over year growth rate for a multi-period of time, calculating by computing the nth root of the ending value over beginning value then minus one, where n equals to the total number of periods
"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 "Appendix IV — Statutory and General Information — A. Further Information about our Group — 3. Written Resolutions of the Shareholders of Our Company Passed on September 25, 2020" 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 Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Broker Participant, a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Cedar Group"	Cedar Group Management Limited (雪松集团管理有限公司), a BVI business company incorporated in the BVI with limited liability on December 19, 2019, which is wholly-owned by Mr. Zhang Lei, a Controlling Shareholder

"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, references in this prospectus to "China" and the "PRC" do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
"CIA"	China Index Academy, our industry consultant
"CICC Global"	CICC Global Industry and Infrastructure Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability on August 22, 2018, an indirect wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司), and one of our Shareholders
"Circular 37"	Circular of the SAFE on Relevant Issues Concerning Foreign Exchange Administration for Overseas Investment and Financing and Return Investments by Domestic Residents through Special-Purpose Overseas Vehicles (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 82"	Notice Regarding the Determination of Chinese Controlled Offshore Incorporated Enterprises as 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)
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance" or "Hong Kong 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" or "our Company"	First Service Holding Limited (第一服务控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on January 20, 2020, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries
"Company Law" or "Company Law of the PRC"	Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006 and further amended on December 28, 2013 and effective on March 1, 2014, as amended, supplemented and otherwise modified from time to time
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to Mr. Zhang Lei, Mr. Zhang Peng, Glorious Group, Cedar Group and Hao Fung
"Controlling Shareholders Group"	includes the Modern Land Group, the Modern Investment Group and the Super Land Group
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the Chinese national securities markets
"Deed of Indemnity"	the deed of indemnity dated September 28, 2020 and entered into by Glorious Group and First Assets with and in favor of our Company (for itself and as trustee for its subsidiaries) in respect of, among other things, certain indemnities, particulars of which are set out in "Appendix IV — Statutory and General Information — E. Other Information — 1. Estate Duty and Tax Indemnity" to this prospectus

"Director(s)" or "our Directors"	director(s) of our Company
"EH Consulting"	EH Consulting (億翰智庫), a consulting firm specializing in the PRC real estate industry and listed on the NEEQ (stock code: 837350)
"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稅法), enacted on March 16, 2007, effective from January 1, 2008 and amended on February 24, 2017 by the NPC, and 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
"First Assets"	First MOMA Assets Management (Beijing) Co., Ltd. (第一摩碼資產管理(北京)有限公司), a company incorporated in the PRC on September 20, 2002, which was the Controlling Shareholder of First Property Management and First Living, respectively, prior to the Reorganization
"First Green Service"	First Green Service Limited (第一绿色服务有限公司), a BVI business company incorporated in the BVI with limited liability on February 20, 2020, which is a wholly-owned subsidiary of our Company
"First Living"	First MOMA Human Environment Technology (Beijing) Co., Ltd. (第一摩碼人居環境科技(北京)有限公司) (formerly known as First MOMA Human Environment Technology (Beijing) Joint Stock Limited Company (第一摩碼人居環境科技(北京)股份有限公司)), a limited liability company established in the PRC on December 3, 2014 and an indirect non-wholly owned subsidiary of our Company

"First Property Management"	First Property Service (Beijing) Co., Ltd. (第一物業服務(北京)有限公司) (formerly known as Beijing Modern and First Property (Beijing) Joint Stock Limited Company (第一物業(北京)股份有限公司), a limited liability company established in the PRC on December 6, 1999, and an indirect wholly-owned subsidiary of our Company
"First Service Holding (Hong Kong)"	First Service Holding (Hong Kong) Limited (第一服務控股(香港)有限公司), a company incorporated in Hong Kong with limited liability on March 2, 2020, which is wholly-owned by First Green Service
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Glorious Group"	Glorious Group Holdings Limited (世家集团控股有限公司), a BVI business company incorporated in the BVI with limited liability on December 19, 2019, which is wholly-owned by Mr. Zhang Lei, and a Controlling Shareholder
"**GREEN** Application Form(s)"	The application form(s) to be completed by the **HK eIPO White Form** Service Provider designated by our Company
"Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Haitong International Capital" or "Sole Sponsor"	Haitong International Capital Limited, a licensed corporation to conduct Type 6 (advising on corporate finance) of the regulated activity for the purpose of SFO, being the sole sponsor to the Global Offering

"Haitong International Securities" or "Sole Global Coordinator" or "Stabilizing Manager"	Haitong International Securities Company Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities for the purpose of SFO, being the sole global coordinator and the stabilizing manager of the Global Offering
"Hao Fung"	Hao Fung Investment Limited (皓峰投资有限公司), a BVI business company incorporated in the BVI with limited liability on December 18, 2019, which is wholly-owned by Mr. Zhang Peng, and a Controlling Shareholder
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the **IPO App** or the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified in the **IPO App** or on the designated website at **www.hkeipo.hk**
"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", "HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 25,000,000 Offer Shares being initially offered by our Company for subscription pursuant to the Hong Kong Public Offering, subject to adjustment, as described in "Structure of the Global Offering"

"Hong Kong Public Offering"	The offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (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 described in this prospectus and the Application Forms, as further described in "Structure of the Global Offering"
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering, whose names are set forth in "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated October 9, 2020 relating to the Hong Kong Public Offering and entered into by, among others, our Company, our Controlling Shareholders, the Sole Global Coordinator and the Hong Kong Underwriters, as further described in "Underwriting — Underwriting Arrangements and Expenses"
"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 Director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
"International Offering"	the conditional offering of the International Offer Share(s) by the International Underwriters outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, as further described in "Structure of the Global Offering"

"International Offer Shares"	the 225,000,000 Shares (subject to adjustment as described in "Structure of the Global Offering") being initially 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
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into, among others, our Company, our Controlling Shareholders, the Sole Global Coordinator and the International Underwriters relating to the International Offering
"**IPO App**"	the mobile application for the **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"Latest Practicable Date"	October 4, 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 Hong Kong 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 Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Liu Pei Qing Management"	Liu Pei Qing Management Limited (刘培庆管理有限公司), a BVI business company incorporated in the BVI with limited liability on December 17, 2019, which is wholly-owned by Mr. Liu Peiqing, a Director

"Long Han Management"	Long Han Management Limited (龙晗管理有限公司), a BVI business company incorporated in the BVI with limited liability on December 17, 2019, which is wholly-owned by Mr. Long Han, a Director
"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), jointly issued by the State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會), MOFCOM, SAT, SAMR, CSRC and SAFE on August 8, 2006 and amended by MOFCOM on June 22, 2009
"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" or "Memorandum of Association"	the second amended and restated memorandum of association of our Company, conditionally adopted on September 25, 2020 and which will become effective upon Listing, as amended, supplemented or otherwise modified from time to time and a summary of which is set out in "Appendix III — Summary of the Constitution of our Company and Cayman Islands Companies Law" to this prospectus
"Modern Investment"	Modern Investment Group Co., Ltd. (當代建設投資管理有限公司), a company established in the PRC with limited liability of August 16, 2005
"Modern Investment Group"	The subsidiaries and 30%-controlled companies (as defined under the Listing Rules) of Modern Investment
"Modern Land"	Modern Land (China) Co., Limited (當代置業(中國)有限公司) (stock code: 1107), an exempted company with limited liability incorporated in the Cayman Islands on June 28, 2006 and the shares of which are listed on the Main Board
"Modern Land Group"	Modern Land and its subsidiaries
"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)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NEEQ"	the National Equities Exchange and Quotations Co., Ltd., a PRC over-the-counter system for trading the shares of public companies
"novel coronavirus"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2, believed to have first emerged in December 2019
"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 offer 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 for pursuant to the Global Offering
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares
"Over-allotment Option"	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to which our 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 of the International Offering, if any, as further described in "Structure of the Global Offering"
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"Pearl River Delta Region"	an economic region in China encompassing a network of cities situated within nine prefectures of Guangdong province, namely Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Foshan, Huizhou, Jiangmen and Zhaoqing
"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 Advisor"	Han Kun Law Offices, legal advisor to our Company on PRC laws in connection with the Global Offering
"Price Determination Date"	the date, expected to be on or around Thursday, October 15, 2020 but no later than Friday, October 16, 2020, on which the Offer Price is fixed for the purposes of the Global Offering
"Principal Share Registrar"	Maples Fund Services (Cayman) Limited
"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
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reorganization"	the reorganization of our Group as described in "History and Reorganization"
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局) or its predecessor, the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), including, as the context may require, its local counterparts

"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"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
"Shanghai CDH Yaojia"	Shanghai CDH Yaojia Venture Capital Center (Limited Partnership) (上海鼎暉耀家創業投資中心(有限合夥)), a limited partnership established in the PRC on June 26, 2015, whose general partner is Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司), and one of our Shareholders
"Shanghai Chuyuan"	Shanghai Chuyuan Enterprise Management Partnership (Limited Partnership) (上海矗源企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 6, 2020, whose general partner is Ningbo Meishan Duty-bonded Port Zone Da Ka Investment Management Co., Ltd. (寧波梅山保稅港區大咖聯盟投資管理有限公司), and one of our Shareholders
"Shanghai ODI"	Shanghai ODI Enterprise management consulting Partnership (LP) (上海鷗堤藹企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on February 21, 2020, whose general partner is Beijing New Dragon United Capital Management Co., Ltd. (北京新龍脈聯合資本管理有限公司), and one of our Shareholders
"Share Subdivision"	the share subdivision referred to in "Appendix IV — Statutory and General Information — A. Further Information about our Group — 3. Written Resolutions of the Shareholders of Our Company Passed on September 25, 2020" to this prospectus

"Share(s)"	ordinary share(s) with nominal value of US$0.0000002 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)
"Share Option Scheme"	the share option scheme conditionally adopted pursuant to the written resolutions passed by our Shareholders on September 25, 2020, the principal terms of which are set out in "Appendix IV — Statutory and General Information — A. Further Information about our Group — 3. Written Resolutions of the Shareholders of Our Company Passed on September 25, 2020" to this prospectus
"Sole Global Coordinator"	Haitong International Securities Company Limited
"Sole Sponsor"	Haitong International Capital Limited
"sq.m."	the measurement unit of square meters
"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 Haitong International Securities and Hao Fung on or about the same date as the International Underwriting Agreement
"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
"Super Land"	Super Land Holdings Limited, a BVI business company incorporated in the BVI with limited liability on October 24, 2006
"Super Land Group"	Super Land, and the joint ventures and associates (as defined under the IFRS) that Super Land had invested in through the Modern Land Group
"Takeovers Code"	the Code on Takeovers and Mergers issued by SFC, as amended, supplemented or otherwise modified from time to time

"Track Record Period"	the period comprising the three years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020
"TZT Consulting"	TZT CONSULTING LIMITED (庭子天顧問諮詢有限公司), a company incorporated in Hong Kong with limited liability on February 24, 2020, which is wholly owned by Mr. Qiao Tingfu, an Independent Third Party
"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
"**WHITE** Application Form(s)"	the application form(s) for those who require Hong Kong Offer Shares to be issued in the applicant's own name
"Xiao Tong Group"	Xiao Tong Group Management Limited (晓彤集团管理有限公司), a BVI business company incorporated in the BVI with limited liability on January 8, 2020, which is wholly-owned by Mr. Lu Xiaotong, a director of First Property Management in the past 12 months
"Yangtze River Delta Region"	as defined in the "Outline of Integrated Development Planning for the Yangtze River Delta Region" (長江三角洲區域一體化發展規劃綱要) promulgated on December 2, 2019, an economic region in China encompassing a total of 27 cities, including Shanghai and various cities in Jiangsu province, Anhui province and Zhejiang province
"**YELLOW** Application Form(s)"	the application form(s) for those who require Hong Kong Offer Shares to be deposited directly into CCASS

Unless the content otherwise requires, references to "2017", "2018" and "2019" in this prospectus refer to our financial year ended December 31 of such year.

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

The English translation of PRC entities, enterprises, nationals, facilities and regulations in Chinese or another language in this prospectus is for identification purposes only. To the extent that there is any inconsistency between the Chinese names of PRC entities, enterprises, nationals, facilities and regulations and their English translations, the Chinese names shall prevail.

This glossary of technical terms contains 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 sum of property management fees divided by the total GFA under management specified under each of the property management contracts, adjusted by number of months under management for each property
"central cooling"	the centralized cooling of a group of buildings, often in a residential community or commercial complex, through energy station operation
"central cooling season"	the warmer season of the year when we are contracted to centrally cool properties pursuant to our energy operation services, the timing and duration of which are defined under our energy operation service contracts
"central heating"	the centralized heating of buildings, provided either on a regional basis by the PRC Government or on a local basis through energy station operation
"central heating season"	the colder season of the year, generally between mid-November to mid-March, when central heating is provided in the northern regions of China
"commercial property(ies)"	for purposes of this prospectus, property(ies) designated for commercial use
"commission basis"	a revenue-generating model whereby we collect a percentage of the total amount of property management fees that our customers pay on a monthly basis
"communal area(s)", "common area(s)"	shared areas in residential properties such as lobbies, hallways, stairways, car parks, elevators and gardens, among others
"completed GFA"	GFA of properties for which property developers have completed development

"contracted GFA"	GFA managed or to be managed by our Group under our operating property management contracts, including both GFA under management and undelivered GFA
"digital twin(s)"	the digital replica of a physical object or system, integrating IoT, artificial intelligence, machine learning and software analytics with spatial network graphs and may be used to optimize the operation and maintenance of properties
"energy operation rights"	the right to operate energy stations (能源站經營權)
"energy systems"	the term for referring to technology systems designed to conserve energy while providing utilities, including centralized heating, cooling, ventilation and air-conditioning systems
"first-tier cities", "second-tier cities"	cities specified by China Business News as such; first-tier cities include Beijing, Shanghai, Shenzhen and Guangzhou; second-tier cities include Kunming, Dalian, Xiamen, Hefei, Foshan, Fuzhou, Harbin, Jinan, Wenzhou, Changchun, Shijiazhuang, Changzhou, Quanzhou, Nanning, Guiyang, Nanchang, Nantong, Jinhua, Xuzhou, Taiyuan, Jiaxing, Yantai, Huizhou, Baoding, Taizhou, Zhongshan, Shaoxing, Urumchi, Weifang and Lanzhou
"formaldehyde"	HCHO or CH_2O, a pollutant and carcinogen that occurs in outdoor air
"GFA"	gross floor area
"GFA under energy operation"	GFA of properties for which a property management company or other type of service provider has begun providing energy operation services and is entitled to collect energy operation service fees in relation to contractual obligations to provide services

"GFA under management"	GFA of properties for which a property management company has begun providing property management services and is entitled to collect property management fees in relation to contractual obligations to provide services
"green building(s)"	according to CIA, the term commonly used in the PRC property development and property management industries to refer to properties that have been awarded "Green Building Labels" (綠色建築標識) by MOHURD and its local administrative authorities. For more information, see "Industry Overview — The PRC Property Management Industry — Property Management for 'Green Buildings'"
"IoT"	the Internet of Things
"lump sum basis"	a revenue-generating model for our property management business line, whereby we charge property developers, property owners and residents 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
"non-certified properties"	refers to property management projects that have not been certified with "Green Building Labels"
"other associates of our Controlling Shareholders"	collectively refers to Modern Investment Group and Super Land Group, as other associates of our Controlling Shareholders to whom we provide services in addition to Modern Land Group
"passive house(s)"	a design and construction standard for energy efficiency, which envisions a passively heated or cooled building that does not use conventional heating and air conditioning systems, therefore reducing its ecological footprint

"PM2.5"	atmospheric particulate matter (PM) that have a diameter of less than 2.5, which have been linked to harmful impacts on heart health and mortality
"projects sourced from"	refers to projects obtained from certain categories of customers, which may relate to properties developed or in use by those customers
"projects sourced from other associates of our Controlling Shareholders"	projects sourced from other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group
"projects sourced from Modern Land Group"	projects sourced solely from Modern Land Group
"projects sourced from third-party developers"	projects sourced from Independent Third Parties
"residential communities" or "residential property(ies)"	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
"retention rate"	the aggregate number of properties under management at the beginning of the period minus the number of properties we ceased to manage during the same period, then divided by the aggregate number of properties under management at the beginning of the period
"revenue per sq.m."	as provided by CIA, overall revenue divided by GFA under management as of the year end, for which property management companies usually provide property management as well as various value-added services in their service portfolio
"third-party developer(s)"	property developers that are Independent Third Parties

"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, 210, 200, 200, 220 and 244 companies respectively, for rankings published in 2015, 2016, 2017, 2018, 2019 and 2020, respectively, based on data for 2014, 2015, 2016, 2017, 2018 and 2019, respectively, where the number of companies for each of 2017, 2018, 2019 and 2020 exceeded 100 as multiple companies with the same or very close scores were assigned the same ranking
"undelivered GFA"	the total GFA of properties that are not ready to be delivered to property owners by property developers, for which we have not begun collecting property management fees in relation to contractual obligations to provide property management services

This prospectus contains certain forward-looking statements and information relating to our 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", "consider", "continue", "could", "estimate", "expect", "forecast", "going forward", "intend", "may", "might", "ought to", "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 our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- our ability to identify and integrate suitable acquisition targets;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to 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 "Financial Information" with respect to trends in prices, volumes, operations, 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. You should not place undue reliance on these forward-looking statements.

We do not guarantee that the transactions and events described in the forward-looking statements in this prospectus will happen as described, or at all. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks and uncertainties set forth in the section entitled "Risk Factors" in this prospectus. You should read this prospectus in its entirety and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made or, if obtained from third-party studies or reports, the dates of the respective studies or reports. Since we operate in an evolving environment where new risks 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.

Any investments in our Shares involves various risks. Potential investors should carefully consider each of the risks described below and all of the other information contained in this prospectus, including our combined financial statements and related notes, before deciding to invest in the Offer Shares. Our business, financial position, results of operations or prospects may be materially and adversely affected if any of the circumstances or events described below actually arises or occurs. In any such cases, the market price of our Shares could decline, and you may lose all or part of your investment. You should also pay particular attention to the fact that our subsidiaries in China are located in a legal and regulatory environment that in some respects differ significantly from that of other countries. For more information concerning the PRC legal and regulatory system and certain related matters discussed below, see "Regulatory Overview".

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

A substantial portion of our revenue is generated from services provided to, and projects sourced from, Modern Land Group and other associates of our Controlling Shareholders

During the Track Record Period, a substantial portion of our revenue was generated from services provided to, and projects sourced from, Modern Land Group and other associates of our Controlling Shareholders (under all three of our business lines). In 2017, 2018, 2019 and the four months ended April 30, 2020, revenue generated from services provided to Modern Land Group amounted to RMB56.7 million, RMB94.4 million, RMB112.6 million and RMB37.5 million, respectively, accounting for approximately 15.0%, 19.1%, 18.0% and 16.7%, respectively, of our total revenue. In the same periods, revenue generated from services provided to other associates of our Controlling Shareholders amounted to RMB40.8 million, RMB43.5 million, RMB61.2 million and RMB13.4 million, respectively, accounting for 10.8%, 8.8%, 9.8% and 6.0%, respectively, of our total revenue. Additionally, as of December 31, 2017, 2018 and 2019 and April 30, 2020, our GFA under management for projects sourced from Modern Land Group amounted to 5.6 million sq.m., 6.8 million sq.m., 8.7 million sq.m. and 9.7 million sq.m., respectively, generating 87.4%, 79.8%, 73.5% and 78.3%, respectively, of our total revenue from property management services. As of the same dates, our GFA under management for projects sourced from other associates of our Controlling Shareholders amounted to 0.6 million sq.m., 1.8 million sq.m., 1.7 million sq.m. and 1.2 million sq.m., respectively, generating 7.3%, 10.3%, 11.5% and 6.1%, respectively, of our total revenue from property management services.

We expect that services provided to, and projects sourced from, Modern Land Group and other associates of our Controlling Shareholders will continue to account for a substantial portion of our revenue. However, we do not have control over the management strategies of Modern Land Group and other associates of our Controlling Shareholders, nor the macroeconomic or other factors that affect their business operations. We may lose business opportunities to the extent that Modern Land Group and other associates of our Controlling Shareholders suffer developments that materially and adversely affect their property development efforts. There is no assurance that we will be able to procure service engagements from alternative sources to make up for the shortfall in a timely manner or on favorable terms, or that we will continue to be successful in efforts to diversify our customer base. Additionally, even though our tender success rates with respect to property management projects sourced from Modern Land Group and other associates of our Controlling Shareholders were 100.0% during the Track Record Period and up to the Latest Practicable Date, we cannot guarantee that all of our property management contracts with Modern Land Group and other associates of our Controlling Shareholders will be renewed upon their expiration. Should we experience any of the aforementioned, we may experience material adverse effects to our results of operations, financial position and growth prospects.

We may fail to secure new or renew our existing property management contracts on favorable terms, or at all

We believe that our ability to expand our portfolio of property management contracts is key to the sustainable growth of our business. During the Track Record Period, we obtained all of our preliminary management contracts for residential properties through tender bidding. The selection of a property management company depends on a number of factors, including but not limited to the quality of services, the level of pricing and the operating history of the property management company. We cannot assure you that we will be able to procure new property management contracts 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.

In 2017, 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date, our tender success rates with respect to property management projects sourced from third-party developers were 65.0%, 57.1%, 56.6%, 57.1% and 65.7%, respectively, while our retention rates for our overall property management portfolio were 100.0%, 98.2%, 97.3%, 98.9% and 97.9%, respectively, for the same periods. We cannot assure you that we will be able to maintain our tender success rates or retention rates going forward. In addition, we may need to negotiate new property management contracts with property owner associations after they are established. For more information, see "Business — Property Management Services — Property Management Contracts — Key Terms of Dealing with Property Developers". There is no guarantee that property owner associations will enter into property management contracts with us instead of our competitors. 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 do succeed in entering into property management contracts with property owner 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 services to residential communities who have terminated our engagements. There is no guarantee that we would be able to find other business opportunities and enter into alternative property management contracts on favorable terms, or at all. Moreover, as termination and non-renewal may be detrimental to our reputation, we may experience material adverse effects to our brand value, which we believe is essential to our ability to procure new property management contracts. Failure to cultivate our brand value may diminish our competitiveness within the property management 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

During the Track Record Period, we primarily generated revenue from our property management services under the lump sum basis revenue model, which accounted for approximately 99.8%, 99.8%, 99.9% and 99.9%, respectively, of our total revenue generated from property management services in 2017, 2018, 2019 and the four months ended April 30, 2020. For more information, see "Business — Property Management Services — Property Management Fees".

In the event that we fail to accurately anticipate our actual costs prior to negotiating and entering into our property management contracts, 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. Losses we sustain may adversely affect our results of operations. In 2017, 2018, 2019 and the four months ended April 30, 2020, we incurred losses in relation to projects managed on a lump sum basis in the aggregate amounts of RMB1.9 million, RMB0.6 million, RMB1.0 million and RMB1.5 million, respectively, for six, three, four and five projects, respectively. If we are unable to raise property management fee rates and experience a shortfall of working capital after deducting the cost of providing our property management services, we would cut such costs in order to reduce the shortfall. However, our ability to mitigate such losses through cost-saving measures and energy-saving initiatives may not be successful. Moreover, our cost-saving measures may negatively affect the quality of our property management services, which in turn could reduce the likelihood that property owners will be willing to pay us higher property management fees.

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

Since our inception, we have been expanding our business through organic growth. For example, revenue for our property management services increased at a CAGR of 31.5% from RMB157.7 million in 2017 to RMB272.8 million in 2019, and increased by 17.8% from RMB79.1 million for the four months ended April 30, 2019 to RMB93.1 million for the four months ended April 30, 2020. Revenue for our green living solutions increased at a CAGR of 23.5% from RMB101.3 million in 2017 to RMB154.6 million in 2019, and increased by 19.1% from RMB57.8 million for the four months ended April 30, 2019 to RMB68.9 million for the four months ended April 30, 2020. The growth in our revenue for property management services was in line with the growth of our GFA under management from 7.1 million sq.m. as of December 31, 2017 to 13.7 million sq.m. as of December 31, 2019, and further to 15.0 million sq.m. as of April 30, 2020. As of April 30, 2020, we were contracted to manage properties with an aggregate contracted GFA of approximately 27.0 million sq.m. However, we cannot assure you that we will be able to maintain our historical growth rate. In particular, there is no guarantee that we will continue to be able to increase the number of our property management and green living solutions projects, nor that we will be able to succeed in our business development efforts going forward. Our ability to effectively implement business strategies in relation to expanding our various business lines, such as pursuing strategic acquisitions and investments of property management companies and investing in energy operation rights, is to some extent affected by changing regulatory, economic or other factors beyond our control.

Our expansion plans are based on our forward-looking assessment of market prospects. However, we cannot assure you that our assessments will prove correct or that we can grow our business as planned. Our expansion plans may be affected by a number of factors beyond our control, including, among others:

- changes in China's economic conditions in general and the property development industry;
- changes in levels of disposable personal income in China;
- changes in government regulations in the PRC;
- changes in the supply of and demand for property management services, green living solutions and value-added services;
- our ability to generate sufficient liquidity internally and obtain external financing;
- our ability to recruit, retain, train and manage our employees;
- our ability to maintain and expand our network of relationships with customers, subcontractors and other business partners;

- our ability to understand the needs of residents in the properties where we provide property management services and green living solutions;

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

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

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

It is hard to predict our future growth based on historical and operating data, nor can we assure you that our future growth will materialize. Investors should not rely on our historical results of operations to predict future performance. There is also no guarantee that we will be able to execute our growth strategies or manage our future growth effectively. Failure to do so may have a material adverse effect on our business, financial position and results of operations.

Our future acquisitions may not be successful or we may fail to achieve the desired benefits from successful acquisitions

We plan to continue selectively pursuing strategic acquisition opportunities involving other property management companies and to integrate their operations into our business. However, we cannot assure you that we will be able to identify suitable opportunities.

Even if we do manage to identify suitable opportunities, we may not be able to complete the acquisitions on terms favorable or acceptable to us or in a timely manner, or at all. The inability to identify suitable acquisition targets or to complete acquisitions may materially and adversely affect our competitiveness and growth prospects. Acquisitions that we complete also involve uncertainties and risks, including, without limitation:

- potentially dilutive issuance of equity securities and/or significant cash outflow in our efforts to finance an acquisition;

- potential ongoing financial obligations and unforeseen or hidden liabilities;

- potential increase in depreciation charges/amortization in the event that the acquired target is rich in fixed assets;

- inability to apply our business model or standardized internal policies and procedures on our acquired targets;

- failure to effectively integrate the business operations of our acquired targets with our own;

- failure to achieve the intended objectives, benefits or revenue-enhancing opportunities; and

- diversion of resources and management attention.

Approximately 50%, or HK$242.8 million, of the net proceeds raised from the Global Offering will be used to pursue strategic acquisitions of property management companies. For more information, see "Future Plans and Use of Proceeds — Use of Proceeds".

Furthermore, even if we successfully complete an acquisition, we may fail to achieve the desired benefits from such a transaction. Our ability to manage the acquired business may be affected by a number of factors, including but not limited to the nature and size of the acquired business, the risks of operating in new markets, difference in corporate cultures, inability to retain the personnel of the acquired business, inability to obtain approval from relevant government authorities as well as hidden costs associated with the acquisitions. If we cannot achieve the desired benefits from the acquisitions, our business strategies and operations may be adversely affected.

We derive a significant portion of our revenue from property management services provided to projects in Beijing, and we are susceptible to any adverse development in government policies or business environment in this region

We derive a significant portion of our revenue from property management services provided to projects in Beijing. As of December 31, 2017, 2018 and 2019 and April 30, 2020, we managed an aggregate GFA of 1.7 million sq.m., 1.7 million sq.m., 2.0 million sq.m. and 2.0 million sq.m., respectively, of properties in Beijing, which accounted for 38.9%, 33.8%, 33.1% and 27.1% of our total revenue derived from property management services in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively. This concentration signifies that any adverse development in government policies or business environment in Beijing will materially and adversely affect our business, financial position and results of operations. We are vulnerable to developments in Beijing in relation to the following factors, most of which are beyond our control:

- changes in the economic condition, the level of economic activity and the real estate market in Beijing;

- changes in government regulations and policies regarding the property management industry in Beijing; and

- our ability to compete with other property management companies operating in Beijing.

We are exposed to credit risks as difficulties in collecting our property management fees may lead to impairment of our trade receivables

We may not be able to collect our trade receivables in a timely manner or at all, nor can we assure you that our collection measures will be effective. We may encounter difficulties when collecting property management fees from our customers, for example in residential communities with relatively high vacancy rates. From time to time, in seeking to expand our business and diversify our customer base, we may also enter into property management service engagements for residential communities with, or take over property management projects from other property management companies that have, lower collection rates. Though we assess historical collection rates before entering into new engagements, there is no assurance that our assessments would be accurate. Our management's estimates and the related assumptions were made in accordance with information available to us, and such estimates or assumptions may need to be adjusted if new information becomes known. Moreover, events such as the outbreak of the novel coronavirus may affect our collection rates to the extent they affect our ability to implement collection measures. For more information, see "— We face certain risks associated with the outbreak of the novel coronavirus" in this section.

We had significant allowance for impairment of trade receivables during the Track Record Period, which amounted to RMB22.9 million, RMB27.7 million, RMB37.8 million and RMB43.1 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, accounting for approximately 33.6%, 30.3%, 27.0% and 28.2% of our gross trade receivables, respectively. In addition, our trade receivable turnover days increased from 66 days in 2017 to 102 days in the four months ended April 30, 2020. 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 approximately 83.6%, 83.4%, 84.5% and 65.8% in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively. As of August 31, 2020, approximately RMB33.9 million, representing approximately 22.2% and 31.0% of our gross and net trade receivables as of April 30, 2020, respectively were subsequently settled. Moreover, we experienced seasonal fluctuations in the collection of our trade receivables during the Track Record Period and expect to continue experiencing such seasonal fluctuations. Property owners and residents tend to settle outstanding property management fee balances toward the second half of the year, especially near the end of the year. In general, our trade receivable amounts increase throughout the year and decrease toward the end of the year when property owners and residents clear their outstanding property management fee balances. For more information, see "— The collection of our property management fees is subject to seasonal fluctuations" in this section and "Financial Information — Description of Certain Items in our Combined Statements of Financial Position — Trade and other Receivables".

In the event that actual recoverability of trade receivables is lower than expected, or that our past allowance for impairment becomes insufficient in light of any new information, we may need to provide for additional allowance for impairment of trade receivables, which may in turn materially and adversely affect our business, financial position and results of operations. Such occurrences may also lead to additional operating costs as we seek to recover outstanding property management fees. We may experience adverse effects on our cash flow position and ability to meet our working capital requirements to the extent that we are unable to, or experience prolonged delays in collecting, trade receivables from our customers.

We recorded certain income during the Track Record Period which are non-recurring in nature, the absence of which may negatively impact our results of operations

During the Track Record Period, we recorded gain on disposal of financial assets amounting to RMB3.4 million, RMB2.5 million, RMB2.7 million and RMB1.3 million in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively, whereas our Group recorded profit for the year of approximately RMB41.8 million, RMB52.9 million, RMB83.9 million and RMB16.5 million, respectively, for the same periods. The gain on disposal of financial assets refers to the realized gain from the disposal of our investments in financial assets measured at fair value through profit or loss, of which our total purchase amounted to RMB80.6 million, RMB40.2 million, RMB583.4 million and RMB178.6 million in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively. Further, our Group also recorded interest income of approximately RMB4.6 million, RMB11.8 million, RMB15.3 million and RMB4.0 million in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively. As of the Latest Practicable Date, we maintained certain investments in wealth management products. We expect to continue investing in low-risk wealth management products issued by commercial banks in China when permitted by our working capital levels and as our management sees fit, pursuant to our internal policies and procedures relating to such investment activities. Going forward, we may experience negative impacts on our results of operations to the extent that we do not reap gains from disposal of financial assets and any interest income.

We may experience fluctuations in our labor and subcontracting costs

In 2017, 2018, 2019 and the four months ended April 30, 2020, our subcontracting costs represented 25.1%, 26.9%, 27.9% and 28.0% of our total cost of sales, respectively. Our total staff costs, which included our staff costs recognized in cost of sales, selling expenses and administrative expenses, contributed a significant part of our costs and amounted to RMB147.0 million, RMB182.5 million, RMB236.3 million and RMB69.5 million in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively, representing 38.8%, 36.8%, 37.8% and 30.9% of our total revenue, respectively, in the same periods. We believe that controlling and reducing our labor and subcontracting costs is essential to maintaining and improving our profit margins.

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

- *Increases in minimum wage.* The minimum wage in regions we operate has increased substantially in recent years, directly affecting our labor costs as well as the fees we pay to our subcontractors.

- *Increases in headcount.* As we expand our operations, the headcount of our property management staff, sales and marketing staff and administrative staff will continue to grow. We will also need to retain and continuously recruit qualified employees to meet our growing demand for talent, which will further increase our total headcount. Moreover, as we continue to expand our business scale, we will need a growing number of subcontractors. This increase in headcount will also increase other associated costs such as those related to salaries, training, social insurance and housing provident fund contributions and quality control measures.

- *Delay in implementing measures to reduce labor and subcontracting costs.* Usually there is a lapse in time between when we commence providing property management services for a particular property and when we implement any of our measures to reduce our reliance on manual labor and cost of sales. Such measures may include implementing technological solutions and procedure standardization. Before we successfully implement such measures, our ability to mitigate the impact of any increases in labor and subcontracting costs is limited.

Our ability to maintain and improve our profitability depends on whether we can control and reduce our labor and other operating costs as our business expands, and replicate the same business model and standardized policies and procedures across all of our property management projects. Moreover, we cannot assure you that we will be successful in attempts to introduce technological solutions into our business operations to reduce our labor and operating costs, nor that we will be able to pass additional costs on to our customers. To the extent that we are unsuccessful, we may experience material and adverse effects on our business, financial position and results of operations.

We may experience fluctuations in our utility costs

We cover utility costs in the course of providing energy operation services. As we charge for our energy operation services on a lump sum basis, unexpected fluctuations in utility prices are likely to affect our profit margins. In 2017, 2018, 2019 and the four months ended April 30, 2020, our utility costs amounted to RMB69.9 million, RMB77.3 million, RMB81.6 million and RMB38.7 million, respectively, accounting for 27.3%, 23.4%, 20.0% and 25.7% of our cost of sales, respectively, for the same periods. We cannot assure you that utility prices will remain stable going forward, nor that they will not unexpectedly increase. Factors that may raise energy prices include local policies or overall economic conditions, both of which are beyond our control. We may experience material and adverse effects to our results of operations to the extent that we are unable to pass on increases in utility costs to our customers.

The collection of our property management fees is subject to seasonal fluctuations

We experienced seasonal fluctuations in the collection of our property management fees during the Track Record Period and expect to continue experiencing such seasonal fluctuations going forward. Property owners and residents tend to settle outstanding property management fee balances toward the second half of the year, especially near the end of the year. In general, our trade receivable amounts increase throughout the year and decrease toward the end of the year when property owners and residents clear their outstanding property management fee balances. Our contract liabilities, which primarily represent property management fees collected in advance from our customers, are therefore also subject to seasonal fluctuations. A comparison of our outstanding trade receivables and contract liabilities between different points in time within a single financial year may not be necessarily meaningful and should not be relied upon as indicators of our financial performance. Seasonal fluctuations in our trade receivables and contract liabilities 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 expansion and growth efforts, which could in turn materially and adversely affect our results of operations.

We are exposed to risks associated with relying on subcontractors in connection with the performance of certain services

We outsource the performance of certain property management services, including security, cleaning, gardening and repair and maintenance services, to subcontractors. Additionally, for our green living solutions, we rely on subcontractors to perform the installation works in connection with our systems installation services and to assemble our AIRDINO systems. We select our subcontractors based on factors such as price, product and service quality as well as our past history of cooperation. However, we cannot guarantee that they will always perform in accordance with our expectations. They may act in ways that are contrary to our customers' instructions or requests, their contractual obligations and our own quality standards, and we would be unable to monitor their services as directly and efficiently as with our own business operations. Additionally, this subjects us to risks associated with being held responsible for their substandard performance, including but not limited to litigation, disputes with our subcontractors, reputational damage, disruptions to our business and monetary claims from our customers. In addition, we may also be required to indemnify customers for work performed by our subcontractors. We may be able to recover such amounts from the subcontractor pursuant to the subcontracting agreement; however, there is no guarantee that we will always be able to do so. We may also incur additional costs while seeking to monitor or replace subcontractors who do not perform in accordance with our expectations.

Furthermore, when our existing subcontracting agreements expire, we may be unable to renew them or hire suitable replacement subcontractors in a timely manner, or at all. Whether we renew our subcontracting agreements or hire replacement subcontractors, there is no guarantee that we will be able to do so on favorable terms. We also do not have control over the ability of our subcontractors to maintain qualified, experienced and sizeable teams. The occurrence of any of such events could materially and adversely affect our service quality and reputation, as well as our business, financial position and results of operations.

We face certain risks associated with the outbreak of the novel coronavirus

In late 2019, there were reports of an outbreak of the novel coronavirus, which has expanded globally and is an ongoing pandemic as of the Latest Practicable Date. The novel coronavirus caused a worldwide health crisis adversely affecting the PRC and global economy and financial markets. It has negatively impacted, and may also continue to negatively impact, our business operations and earnings. For example, we estimate that we will incur additional costs in the aggregate amount of RMB1.6 million for implementing enhanced hygiene and precautionary measures across our property management projects for the year ending December 31, 2020. Additionally, quarantine or social distancing measures have interrupted construction work on properties under development, delaying their delivery and the point in time from when we may begin collecting property management fees. As a result of the novel coronavirus outbreak, the delivery of one of our contracted projects for property management in Wuhan city, Hubei province was delayed from March 30, 2020 to June 20, 2020. We also experienced delays in our collection of property management fees while unprecedented quarantine and social distancing measures were being implemented by the PRC Government in early 2020. For more information, see "Financial Information — Summary of our Cash Flows — Cash Flows in Relation to our Operating Activities — Four Months Ended April 30, 2020".

To the extent that the continuing outbreak leads to higher unemployment rates and exacerbates the global economy, we may experience negative impacts on our provision of value-added services and green living solutions. For example, due to quarantine and social distancing measures, the sales and leasing offices we serviced in relation to 35 engagements were temporarily closed from February to April 2020, signifying that we were only able to station the minimum number of staff required for general upkeep and maintenance, as opposed to full capacity for the provision of sales assistance services. We also provided less home living and communal area leasing services during the four months ended April 30, 2020. Additionally, as property development and redevelopment projects were interrupted, our progress on a collective six out of 63 ongoing green technology consulting projects, systems installation projects and AIRDINO systems sales transactions as of April 30, 2020 were temporarily suspended for approximately one to three months.

Should the novel coronavirus result in our having to quarantine afflicted employees, we could suffer labor shortages that impact the efficiency of our business operations and financial performance. Our brand and reputation as a property management company may also be adversely affected if outbreaks of the novel coronavirus in our property management projects result in our having to (i) subject property owners and residents to strict quarantines, and (ii) doubt arises as to our ability to manage the impact of the pandemic. Although we constantly monitor the status of the novel coronavirus outbreak, the spread of the disease is affected by factors beyond our control. We cannot guarantee that our mitigation measures will be sufficient against the effects of a global pandemic. In the event that we are unable to minimize negative impacts of the novel coronavirus on our business, we may experience material adverse effects on our financial statements and results of operations. For more information on the financial impact of the novel coronavirus on our business, see "— We recorded net cash outflow from operating activities for the four months ended April 30, 2020, and our business and financial position could be materially and adversely affected if we fail to maintain effective cash flow management" in this section and "Business — Effects of the Outbreak of the Novel Coronavirus on our Business Operations".

We recorded net cash outflow from operating activities for the four months ended April 30, 2020, and our business and financial position could be materially and adversely affected if we fail to maintain effective cash flow management

We recorded net cash outflow from operating activities of RMB40.1 million for the four months ended April 30, 2020. This was partially attributable to increases in trade and other receivables, due to delays in settlement arising from the effects of the novel coronavirus outbreak in early 2020, and partially attributable to seasonal fluctuations we experience in the collection of our trade receivables. Property owners and residents tend to settle outstanding property management fee balances toward the second half of the year, especially near the end of the year. For more information, see "— The collection of our property management fees is subject to seasonal fluctuations" in this section and "Financial Information — Summary of our Cash Flows — Cash Flows in Relation to our Operating Activities — Four Months Ended April 30, 2020". We cannot assure you that we will always be able to generate net cash from operating activities. Moreover, the novel coronavirus outbreak, an ongoing pandemic as of the Latest Practicable Date, may continue to negatively impact the PRC economy and our business operations and earnings. For more information on the impact of the novel coronavirus on our financial statements and business operations, see "— We face certain risks associated with the outbreak of the novel coronavirus" in this section and "Financial Information" and "Business — Effects of the Outbreak of the Novel Coronavirus on our Business Operations".

Net operating cash outflow could impair our ability to make necessary capital expenditures and meet our liquidity requirements, thereby constraining our operational flexibility. We cannot assure you that we will not suffer any decline in our future working capital or experience net cash outflow in the future. If we fail to maintain effective working capital and cash flow management, we may experience material and adverse effects on our business and results of operations.

While expanding the proportion of projects sourced from third-party developers within our overall property management portfolio, our profitability may be negatively impacted

In the four months ended April 30, 2020, our average property management fees for projects sourced from Modern Land Group and projects sourced from other associates of our Controlling Shareholders were RMB2.53 per sq.m. per month and RMB2.07 per sq.m. per month, respectively. They were higher than that of our average property management fee of RMB1.89 per sq.m. per month for projects sourced from third-party developers in the same period. Additionally, our gross profit margin for property management services provided to projects sourced from Modern Land Group and other associates of our Controlling Shareholders were generally higher than that for projects sourced from third-party developers during the Track Record Period. For more information, see "Financial Information — Description of Certain Components of our Combined Statements of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin — Property Management Services". We cannot guarantee that our average property management fees or gross profit margin for projects developed by third-party developers will increase in the future.

To expand our business and diversify our customer base, we will make consistent efforts to establish and cultivate relationships with third-party developers. In doing so, we may increase the proportion of projects sourced from third-party developers within our overall property management portfolio. As the proportion of projects sourced from Modern Land Group and other associates of our Controlling Shareholders correspondingly decreases, our overall profitability may be negatively impacted if we are unable to increase the property management fees charged for and/or gross profit margin in relation to projects sourced from third-party developers. This may lead to material and adverse effects on our results of operations that hamper our future growth prospects.

We are exposed to risks and uncertainties in relation to operating in the green living solutions market, which is still in the early stages of development

According to CIA, the green living solutions market is small and fragmented. Supply for energy operation services only began growing in recent years, and there is yet no obvious leader among green technology consulting and systems installation service providers. As it is in its early stages of development, the regulatory requirements, competitive landscape and industry standards for the green living solutions market may rapidly evolve. We cannot guarantee we will be able to adapt to such changes in a timely manner, or that we will compete effectively with companies who may enter the green living solutions market in the future. Should we incur material costs in terms of financial resources and management attention in our efforts to do so, we may experience material adverse effects on our business, financial position and results of operations.

Furthermore, the development of the green living solutions market is to a certain extent subject to the well-being of the PRC economy. The general availability of disposable income allows property owners and residents to pursue higher living standards, with a view to improving the environment and their health. The cost of labor and construction materials will also affect demand and pricing for systems installation services. However, while we believe a vibrant economy is likely to generate more interest in our green living solutions, we have no control over macroeconomic trends. If the green living solutions market fails to expand as expected, we may be unable to effectively implement our growth strategies.

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

As of December 31, 2017, 2018 and 2019 and April 30, 2020, we recognized intangible assets of RMB4.9 million, RMB7.4 million, RMB10.4 million and RMB7.6 million, respectively, relating to software, customer relationships arising from the acquisition of a subsidiary prior to the Track Record Period and energy operation rights. For more information, see "Financial Information — Description of Certain Items in our Combined Statements of Financial Position — Intangible Assets". We review internal and external sources at the end of each reporting period to assess whether intangible assets may be impaired or (except in the case of goodwill) whether an impairment loss previously recognized no longer exists or may have decreased. For more information on the relevant accounting treatment, see "Appendix I — Notes to the Historical Financial Information — 2. Significant Accounting Policies — (g) Intangible Assets" to this prospectus. If we fail to achieve our desired objectives with respect to our acquisitions of intangible assets, or if any circumstances arise that decrease our expected cash flows from such intangible assets, their recoverable amount may be lower than their carrying amount on our financial statements. In such circumstances, we may need to recognize impairment losses on our intangible assets (other than goodwill) in profit or loss. The resulting impact on our assets and profitability may materially and adversely affect our financial position and results of operations.

We may need to recognize impairment losses for goodwill if we fail to achieve the desired benefits from our acquisitions

One of our business strategies is to pursue strategic acquisitions of or investments in property management companies. We may record goodwill in connection with our acquisitions and test goodwill for impairment on a regular basis. 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. 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 acquisition of these assets, 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.

We are exposed to fair value changes for financial assets designated at fair value through profit or loss

During the Track Record Period, we invested in certain financial assets measured at fair value through profit or loss including private funds, wealth management products and other financial assets, all of which are designated as fair value through profit of loss. Accordingly, any changes in fair value of these products have impacted our results of operations. We recorded net valuation losses on financial assets measured at fair value through profit or loss and other investments amounting to RMB53,000 and RMB2.7 million in 2017 and 2018, respectively, and net valuation gains of RMB2.1 million in 2019.

From time to time we invest in wealth management products with a view to maximizing returns of our unused funds. The fair value and the income derived from such wealth management products, if any, are subject to external factors that are out of our control, such as the performance of the general economic and stock market conditions. In spite of the relatively low risks associated with these products, there is no guarantee that the fair value of such wealth management products will not decrease, nor that we will realize any gains from such products in the future. If such risks materialize, our financial condition may be adversely affected. As of the Latest Practicable Date, we had disposed of all of our investment in private funds and other investments and maintained certain investments in wealth management products. For more information, see "Financial Information — Description of Certain Items in our Combined Statements of Financial Position — Financial Assets Measured at Fair Value Through Profit or Loss and Other Non-Current Financial Assets" and Note 16 to "Appendix I — Accountants' Report" to this prospectus.

Losses arising from changes in the fair value of our investment properties may materially impact our financial condition and results of operations, while fair value gains recorded may be non-recurring in nature

We reassess the fair value of our investment properties. After initial recognition, investment properties are stated at fair value, representing the market value determined at each reporting date by external valuers. Fair value is based on active market prices and unit rents and adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Accordingly, the valuation techniques adopted by external valuers involve uncertainties relating to the use of unobservable inputs. Based on the valuation of our investment properties by an independent and qualified property valuer, we recognized the aggregate fair value of our investment properties in our combined statements of financial position amounting to nil, nil, RMB14.4 million and RMB14.5 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. We recorded fair value gains on our investment properties amounting to nil, nil, RMB2.3 million and RMB0.1 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. For more information, see Note 11 in Appendix I to this prospectus.

We are exposed to risks in relation to changes in the fair value of our investment properties. Due to their non-recurring nature, we cannot guarantee that any fair value gains on our investment properties recorded in a particular period can be comparably recognized in future periods. It is also possible that we may recognize fair value losses, which may materially and adversely affect our results of operations. Although fair value gains on investment properties would not change our cash position as long as we hold those properties, they would not increase our liquidity despite the apparent increase in profit.

We recorded net current liabilities as of April 30, 2020, and cannot assure you that we will not continue to experience net current liabilities in the future and be exposed to liquidity risks

As of April 30, 2020, we recorded net current liabilities of RMB26.7 million, which was primarily attributable to the decrease in cash and cash equivalents and increase in amounts due to related parties resulting from the acquisition of First Property Management and First Living pursuant to the Reorganization. Delays in the settlement of our trade receivables due to the novel coronavirus outbreak, as well as the seasonal fluctuations we experience in the collection of property management fees, also contributed to our net current liabilities position in the four months ended April 30, 2020. For more information, see "Financial Information — Net Current Assets" and "— We recorded net cash outflow from operating activities for the four months ended April 30, 2020, and our business and financial position could be materially and adversely affected if we fail to maintain effective cash flow management" in this section.

We cannot assure you that we will not record net current liabilities again in the future. A net current liabilities position exposes us to liquidity risks. Our future liquidity, the payment of trade and other payables and the repayment of borrowings will primarily depend on our ability to generate adequate cash inflows from our operating activities. If we experience a shortage in cash flow generated from operations, our liquidity position may be materially and adversely affected, which, in turn, may impact our ability to execute our business strategies. In such event, our results of operations and financial position will be materially and adversely affected.

Our provision of energy operation services is subject to seasonal fluctuations

From time to time, we may contract to operate energy stations that are not installed with ground-source heat pump and ceiling radiation systems. Such energy stations would only be equipped to provide central heating, rather than both central heating and central cooling throughout the year. We are therefore subject to seasonal fluctuations, as we may collect more energy operation service fees during colder months.

While making efforts to expand our energy operation services business, the proportion of energy stations that are only equipped to provide central heating services may increase within our portfolio of energy operation projects. During the Track Record Period, we primarily operated energy stations capable of providing both central heating and central cooling in relation to high-end projects sourced from Modern Land Group and other associates of our Controlling Shareholders. We cannot guarantee that we will always be able to secure similar energy operation projects from Independent Third Parties. To the extent we are unable to do so, we may enhance the impact of seasonal fluctuations on our business. As a result of seasonal fluctuations relating to our energy operation services, comparisons of revenue and our results of results of operations between different periods in a single financial year are not necessarily meaningful, nor can these comparisons be relied upon as indicators of our future performance.

We may be required to refund property management fees collected in advance due to our inability to honor obligations with respect to our contract liabilities

We generally charge and collect in advance property management fees on an annual, semi-annual, quarterly or monthly basis, depending on the terms of our property management contracts. Our contract liabilities primarily represent receipts in advance from customers for our property management services. In 2017, 2018, 2019 and the four months ended April 30, 2020, we recorded contract liabilities of RMB152.2 million, RMB174.7 million, RMB226.6 million and RMB185.4 million, respectively. For more information, see "Financial Information — Description of Certain Items in our Combined Statements of Financial Position — Contract Assets/Liabilities".

We may not be able to honor obligations with respect to our contract liabilities when our property management contracts are unexpectedly terminated, as when a property owner association may vote to engage an alternative property management service provider. Additionally, we may find that we need to withdraw from certain property management projects because the fees collected in advance do not cover the cost of providing our services. For example, we may be unable to raise property management fees to the extent necessary to cover rising labor and subcontracting costs. We also cannot guarantee that, should our customers request we provide higher-quality property management services, they will agree to raise our property management fees to levels that sufficiently sustain our profit margins. In the event that we are unable to honor obligations to provide property management services due to the aforementioned scenarios, we may be required to refund a portion of our property management fees and experience material and adverse effects on our cash position.

Damage to the communal areas of our properties under management may adversely affect our reputation, business, financial position and results of operations

The communal areas of the properties we manage may be damaged in various ways beyond our control, including but not limited to natural disasters, accidents or intentional or unintentional damage. Although PRC law mandates that each residential community is required to establish a special fund to pay the repair and maintenance costs of communal 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 any criminal actions that may have occurred.

As the property management service provider, we may be viewed as responsible for restoring the communal areas and assisting in any investigative efforts. In the event there is a 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 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. While we never had to draw on our own resources to compensate for shortfalls in advance during the Track Record Period, we cannot guarantee that we will not encounter such occurrences going forward. As we intend to continue growing our business, the likelihood of such occurrences may rise in proportion to increases in the number of our managed properties. Moreover, we may expand into markets that are geographically located in areas susceptible to earthquakes or typhoons.

We are exposed to risks in connection with failing to detect and prevent fraud, negligence or other misconduct committed by third parties

Our information management system and internal control procedures are designed to monitor our operations and overall compliance. 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 the tender bidding process. There will therefore continue to be risks that fraud, negligence and other misconduct (accidental or otherwise) may occur and cause negative publicity, which may have an adverse effect on our brand and reputation.

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 and non-compliance. For example, for those projects we managed where the property developers are required to obtain and renew approvals or the use of civil air defense areas by the local government authorities, the failure of property developers to do so may expose us to the risk of being subjected to administrative fines and penalties. 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 employees, subcontractors, agents, customers or other third parties from time to time. To the extent that we cannot recover related costs from the employees, subcontractors, agents, customers or other third parties involved, we may experience material adverse effects on our business, financial position and results of operations.

Any work injuries that may be sustained by our employees and subcontractors during the ordinary course of providing our services may materially and adversely affect our reputation

Work injuries and accidents may occur during the ordinary course of our business. For example, repair and maintenance services performed by our employees may involve the handling of tools and machinery that carry the inherent occupational risk of accidents. Our ability to balance such risks is limited as the repair and maintenance of facilities such as elevators is part of the property management business. Hence, we are exposed to risks in relation to work safety, including but not limited to claims for injuries, fatal or otherwise, sustained by our employees, subcontractors, property owners or residents. Such occurrences may also damage our reputation within the property management industry. We may also experience business disruptions and be required to implement additional safety measures or modify our business model as a result of any governmental or other investigations. To the extent that we will incur additional costs in terms of reputation, monetary resources, management attention or otherwise, we may suffer material and adverse effects to our business, financial position, results of operations and brand value.

Our pricing of property management fees under preliminary management contracts and property management contracts is subject to PRC laws and regulations

Our operations are affected by the regulatory environment and measures affecting the PRC property management industry. In particular, the fees that property management companies may charge in connection with property management services are regulated and supervised by relevant PRC authorities. In December 2014, the NDRC issued the Circular of NDRC on the Opinions on Relaxing 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) (發改價格[2014]2755號) (the "**Circular**"), which requires that relevant provincial-level price administration authorities abolish all pricing control or guidance policies on residential properties other than affordable housing, housing reform properties and properties in old residential areas and preliminary management contracts. Property management fees for affordable housing, housing-reform properties and properties in old residential areas and management fees under preliminary management contracts remain subject to pricing guidance imposed by provincial-level price administration departments and the administrative departments of housing and urban-rural development. For more information, see "Regulatory Overview — Regulations on Property Management Service and Other Related Services — Regulations on the Fees Charged by Property Management Enterprise". Although we expect the pricing controls on residential properties to be relaxed over time pursuant to the Circular, our property management fees will continue to be subject to pricing controls until local regulations implementing the Circular are passed. Government pricing control policies may have a negative impact on our earnings and profitability as such restrictions may lower the prices we may charge. Government-imposed limits on fees, coupled with rising labor costs and other operating costs, could have a negative impact on our profitability. Further, since we charge property management fees for a majority of our property management projects on a lump sum basis, our business, financial position and results of operations may be materially and adversely affected in the event that we are unable to increase the level of our property management fees sufficiently to pass any increases in costs to our customers.

We are susceptible to changes in the regulatory landscape of the PRC property development industry

We derived a significant portion of our revenue from the provision of our property management services during the Track Record Period. The performance of our property management services is primarily dependent on the total GFA and number of residential communities we manage. As such, our growth in the property management industry is, and will likely continue to be, affected by PRC policies, laws and regulations on the property development industry. The PRC Government has implemented a series of measures to control economic growth in recent years, including introducing various restrictive measures to discourage speculative investments in the property market. These include imposing controls over the land supply for property development, foreign exchange controls, restrictions against property development financing, additional taxes and levies on property sales and foreign investments in the property development industry in China. Such measures are introduced to curb overheating or speculation and may reduce market demand for properties overall. To the extent that they decelerate the overall pace of property development in China, we may experience slower growth in the market for property management services. In turn, this may restrict our development and expansion efforts and negatively impact our business, financial position and results of operations.

We may not be able to adapt to evolving technological developments and industry standards in the green living solutions market in a timely manner, or at all

Our continued success and competitiveness depend on our ability to adapt to evolving technological developments and industry standards in the green living solutions market. Should we be unable to respond or adapt in a timely manner to technological developments, market conditions and/or customer requirements, or if our products and services do not achieve market acceptance, we may not be able to maintain or improve our competitive position, which may have a material adverse impact on our business, financial position, results of operations and prospects. There can be no assurance that we will be successful in adapting our products and services to emerging industry needs and standards, or that we will not experience difficulties which could delay or prevent the successful development or marketing of our products and services, or that any such new products and services will adequately meet the requirements of the market and receive market acceptance.

We may experience intense competition and fail to compete effectively

According to CIA, the property management industry is intensely competitive. For more information, see "Industry Overview — The PRC Property Management Industry — Competitive Landscape and Position". Our competitors primarily include property management companies that operate on national, regional and local scales that may have stronger capital resources, longer operating histories, better track records, greater brand or name recognition, greater expertise in regional and local markets and greater financial, technical, marketing and public relations resources than we do. Such property management companies may be better positioned than we are to compete for customers, financing, skilled management and labor resources. They may also be able to devote more resources to the development, expansion, and promotion of their property management services.

Moreover, property developers may establish their own in-house property management businesses. Neither can competition from new industry players who enter our existing or new markets be discounted. These developments may reduce the availability of business opportunities and customers. For one, there would be fewer property developers on the market who would be willing to refer business to us. We may also find that there are fewer subcontractors with successful track records available at a time and experience difficulties in attracting or retaining talented employees. Since our competitors may seek to emulate our business model, we may lose our competitive edge should we fail to continue evolving and thereby distinguish ourselves from other property management companies. Property owner associations may opt to work with our competitors upon the expiry of our existing property management contracts.

Our competitors also include providers of green living solutions. Although according to CIA, the market for green living solutions is small and fragmented, as it grows there is no guarantee that we will be able to compete effectively and develop and consolidate our market share.

Our efforts to compete may compel us to reduce prices for our services, while competitive pressures steadily increase our cost of sales. There is no assurance that we will be able to pass additional costs to our customers. Failure to compete effectively may erode our profit margins and market share, which could in turn materially and adversely affect our business, financial position, results of operations and growth potential.

Our efforts to research and develop new green technologies may not yield the expected results

We make consistent efforts to research and develop green technologies and expand our property management and green living solutions business lines. In 2017, 2018, 2019 and the four months ended April 30, 2020, our total research and development expenses amounted to approximately RMB3.0 million, RMB4.3 million, RMB7.6 million and RMB0.5 million, respectively, representing 0.8%, 0.9%, 1.2% and 0.2% of our total revenue, respectively. However, from time to time we may undertake research and development projects that are time-consuming and costly. There is no guarantee that we will be able to obtain the adequate funding and resources necessary for such endeavors, and significant increases in our research and development expenses may adversely impact our profitability in the short term. Moreover, our research and development efforts may fail to yield the expected or desirable outcomes. They may fail to translate into new or updated green technologies for use in providing our property management services or green living solutions, or result in viable commercial marketing of new or updated services or products. Additionally, rapid technological advancements, competing technologies, changes in customer preferences and market reception may render our green technologies obsolete. Our competitors may also research and develop services and products that gain wider market acceptance, or are superior to our own in terms of technological capabilities and quality. If we fail to respond effectively by improving existing or launching new services and products in a timely and effective manner, we may not be able to retain our existing customers, enhance our competitiveness or maintain our market position.

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

Negative publicity about us, our Shareholders and affiliates, the properties we manage, our brand, management and other aspects of our business operations may arise from time to time. Negative comments on the properties managed by us, products offered, our business operations and management may appear on internet postings and other media sources, and we cannot assure you that other types of negative publicity will not arise in the future. For example, in the event that we fail to meet our customers' expectations as to service quality, our customers may disseminate negative comments on the Internet. Our subcontractors may also become the subject of negative publicity for various reasons, such as customers' complaints about the quality of their services. In the long term, this may affect our future ability to attract and retain new customers and employees. We may suffer material adverse effects to our business and brand that in turn reduce the trading price of our Shares and diminish our competitive position.

Our success depends on the retention of our senior management team and our ability to attract and retain qualified and experienced employees

Our continued success depends on the efforts of our senior management team and other key employees. As they possess key connections and industry expertise, losing their services may have a detrimental effect on our business. One example of such a key senior management officer for our Company is Mr. Liu Peiqing, one of our executive Directors and co-chief executive officers. As he has been primarily responsible for overseeing the management and daily operations of our Group since December 2015, we believe his insight into and knowledge of our industry, business operations and history has guided and will continue to guide us toward success. Another key member of our Board is Mr. Jia Yan, also one of our executive Directors and co-chief executive officers. Mr. Jia Yan has accumulated more than 22 years of experience in the engineering, construction, energy and real estate industries. He was also nationally-certified as a Senior Engineer (高級工程師) since 2007 and leads our research and development efforts. For more information on the qualifications of Mr. Liu Peiqing, Mr. Jia Yan and other members of our Board and senior management, see "Directors and Senior

Management". In the event we experience unexpected resignations that leave key business operations unsupervised, this may materially and adversely affect the implementation of our business strategies. There can be no assurance that we will be able to promptly hire, and integrate into our operations, qualified replacements. Furthermore, should any or all members of our senior management team join or form a competing business with their expertise, connections and full knowledge of our business operations, we may not be able to estimate the extent of and compensate for the resulting harm to our competitive edge.

In addition, the future growth of our business will depend partly on our ability to attract and retain qualified personnel in all aspects of our business, including finance and accounting, property management and research and development. We may need to compete with the other property management companies for employees with the relevant qualifications and experience. Our future growth may be limited to the extent that we are unable to attract and retain qualified and experienced personnel.

Fluctuations in the amounts of tax benefits or government grants we receive, particularly discontinuation of the preferential tax treatment we enjoy as a "High and New Technology Enterprise", may lead to volatility in our net income

We enjoy favorable treatment from government authorities in respect of tax benefits and government grants for, among others, certification as a "High and New Technology Enterprise" (高新技術企業), listing on the NEEQ and provision of central heating. In 2017, 2018, 2019 and April 30, 2020, our government grants amounted to RMB7.8 million, RMB6.3 million, RMB10.6 million and RMB4.7 million, respectively, accounting for 18.6%, 11.9%, 12.6% and 28.6% of our profit for the year, respectively. We cannot assure you that we will continue to receive tax benefits or government grants at our existing levels, or at all. For example, we were able to enjoy a lower tax rate of 15% throughout the Track Record Period as First Living had been certified as a "High and New Technology Enterprise" since December 2016. While we intend to continue reapplying for renewal of our certification status, we cannot assure you that our applications will always succeed. Failure to maintain our status as a "High and New Technology Enterprise" would subject us to the standard enterprise income tax rate of 25%. The consequential increase in our income tax expenses may decrease our net income and materially and adversely affect our profitability.

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

We are required to obtain governmental approvals in the form of permits, licenses and certificates to provide our services, which are only issued or renewed after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles toward fulfilling conditions that delay us in obtaining or renewing, or result in our failure to obtain or renew, the required governmental approvals. For example, we are in the process of obtaining urban drainage licenses (城鎮污水排入排水管網許可證) for four residential communities under management, and failure to do so may subject us to administrative fines or penalties. 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.

In addition, we are required to make necessary governmental filings to relevant authorities for our business operations, such as filing our property management contracts. We may also rely on third parties such as property developers to make certain filings. If we fail to complete filings as required by relevant laws, regulations and authorities in a timely or effective manner, or if such third parties fail to make certain filings or registrations or to assist us in doing so as the case may be, we may be subject to administrative fines or penalties. Loss of or failure to obtain or renew our permits, licenses and certificates, as well as failure to timely complete necessary governmental filings, may lead to material and adverse effects on our business.

We may be subject to fines for our failures to contribute to social insurance and housing provident funds for our employees

In accordance with applicable PRC laws and regulations, we are obliged to contribute to social insurance and housing provident funds for our employees. During the Track Record Period, we did not fully contribute to social insurance and housing provident funds for some of our employees. We made provisions in the amounts of RMB3.9 million, RMB2.2 million, RMB0.9 million and RMB0.3 million on our financial statements in respect of such potential liabilities in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively.

Our PRC Legal Advisor has advised us that, under the Regulations on Administration of Housing Provident Fund (住房公積金管理條例), if we fail to pay housing provident fund contributions within the prescribed deadlines, we may be subject to an order by the relevant people's court to make such payments. According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), 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 contributions within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay. If we fail to repay the outstanding social insurance contributions within the stipulated period, we may be liable to a fine of one to three times the outstanding contribution amount. Our Directors estimate that the maximum penalty that can be imposed on us for failing to make required payments in respect of outstanding social insurance and housing provident fund contributions within the prescribed periods would be approximately RMB10.9 million as of April 30, 2020. For more information, see "Business — Employees" and "Business — Legal Proceedings and Compliance".

We may be subjected to administrative fines as we have not registered all of our lease agreements with housing administration authorities

As of the Latest Practicable Date, we had not completed the administrative filings of the lease agreements relating to 74 properties we leased, primarily due to (i) the lack of ownership certificates of relevant properties, (ii) the lack of lease agreement registration services with certain local housing administrative authorities, and (iii) the lack of cooperation from our landlords in registering the relevant lease agreements. The properties for which we did not complete administrative filings of the lease agreements had an aggregate GFA of approximately 9,531.6 sq.m. According to applicable PRC administrative regulations, the lessor and the lessee of a lease agreement are required to file the lease agreement with relevant governmental authorities within 30 days after the execution of the lease agreement. If the filing is not made, the governmental authorities may require that the filing be made within a stated period of time, failing which they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. It is not clear under applicable PRC laws if the fine will be borne by the lessor or lessee. According to applicable PRC administrative regulations, lessors of the related leases need to provide us with certain documents (such as their business licenses or identification information) in order to complete the administrative filing. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the filings. If we fail to complete the administrative filings within a period required by the relevant governmental authorities and the relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, we may be subject to a fine of up to RMB10,000 for each such lease agreement or such other fine which may be determined by relevant government authorities.

We may face challenges by third parties or government authorities with respect to title defects relating to some of our leased properties, and incur additional expenses if we are forced to relocate due such title defects

As of the Latest Practicable Date, the 13 properties for which our landlords did not obtain ownership certificates have title defects that may adversely affect our ability to continue using them going forward. The total GFA of these properties with defective titles, which we used as staff dormitories and storage rooms, represent 11.1% of our total GFA of leased properties. We cannot assure you that the landlords of these properties have the right to lease the properties to us. As advised by our PRC Legal Advisor, we may not be able to continue to use such properties if the ownership of the properties we have leased and/or the validity of such leases are challenged by third parties. In the event that title disputes arise, we may encounter obstacles in our use of these properties and be required to relocate, which could result in additional costs. As of the Latest Practicable Date, we were not aware of any challenges by third-parties or government authorities on the titles of any of our leased properties such that they would affect our current use. Such title defects relate to properties used as staff dormitories and storage rooms, for which there are alternative properties readily available in the market and we would find easy to relocate. We cannot assure you that we will be able to find alternative locations at reasonable prices in a timely or effective manner. In addition, we may incur additional costs should we be required to relocate, which could adversely affect our daily operation and impact our financial condition.

Failure to recover our deferred tax assets may adversely affect our results of operations

We recorded deferred tax assets of RMB6.5 million, RMB8.3 million, RMB12.0 million and RMB13.1 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. We periodically assess the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among others, 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. However, there is no assurance that our expectation of future earnings can be accurate due to factors beyond our control, such as general economic conditions and changes in the regulatory landscape, in which case we may not be able to generate future taxable profits to utilize our deferred tax assets. Failure to do so may adversely affect our results of operations.

Failure to protect our intellectual property rights may diminish our competitive advantages and financial performance

We view the proprietary protection of our green technologies as integral to our business, believing that intellectual property is key to maintaining customer loyalty and sustaining our future growth. Throughout the Track Record Period, we protected our intellectual property primarily through patents, trademarks, copyrights and confidentiality agreements. As of the Latest Practicable Date, we have registered and are in the process of registering a number of intellectual property rights in the PRC. For more information, see "Business — Intellectual Property". Any unauthorized reproduction of our intellectual property could diminish our brand value, market reputation and competitive advantages. In the event that a third party uses our intellectual property rights without authorization, this may impair our efforts to enhance our brand and the value of our trade names and trademarks. Our measures to protect intellectual property rights may afford limited protection and policing unauthorized use of proprietary information may be difficult and expensive. In addition, the enforceability, scope and validity of laws governing intellectual property rights in the PRC are uncertain and still evolving. We cannot guarantee that we will be able to detect unauthorized use of our intellectual property rights or take appropriate steps to enforce them in a timely and effective manner. Moreover, attempts to protect our intellectual property rights through litigation could result in substantial costs and divert resources and management attention.

Furthermore, any patent applications we may file in the future may not be successful. It is also possible that such patents may not provide meaningful protection against competitors or competitive technologies. The expiry of a patent or the failure of our patents to protect our intellectual property may result in intense competition and erode our gross margins. Other industry players may also obtain patents that restrict or preclude our ability to lawfully utilize our in-house developed green technologies or competitively manufacture and market our products.

We also rely on unpatented proprietary know-how and other trade secrets to develop and maintain our competitive position. While we enter into confidentiality agreements with our employees to protect our intellectual property, we cannot assure you that they will not be breached nor offer meaningful protection. Moreover, adequate remedies may not be readily available to mitigate unauthorized uses or disclosures of our trade secrets and know-how. We are also unable to assure you that others will not obtain knowledge of our trade secrets and know-how through independent development or other legal means.

We may experience challenges to, or alleged infringement claims brought by, our competitors and third parties against our intellectual property rights

We may become subject to claims from competitors or third parties alleging intellectual property infringement in our ordinary course of business. 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 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 involved in legal disputes from time to time, which may adversely affect our financial position, divert management attention and harm our reputation

From time to time, we may be directly or indirectly involved in disputes with and be subjected to claims by property developers, property owners and residents, property owner associations, employees, suppliers, subcontractors, regulatory bodies, customers or other third parties. These legal disputes may relate to dissatisfaction with our services or products and breach of contract. For example, we may be subject to legal disputes in relation to certain property management projects that we managed on a lump sum basis, although their property management contracts originally provided for them to be managed on a commission basis. Under such circumstances, the effectiveness of such change of charging model will be subject to the view of the PRC judicial authorities or the competent administrative department (as the case may be). For more information, see "Business — Property Management Services — Property Management Fees". Our employees and subcontractors may also sue us for occupational injuries, and we are subject to risks associated with having limited control over the behavior of employees, suppliers, subcontractors and other third parties who may accidentally or intentionally harm the interests of our customers. We may also be subject to legal disputes as a result of our negligence. Any claims, disputes and legal proceedings brought against us, with or without merit, could result in substantial costs and divert capital resources and management attention. We may suffer damage to our reputation regardless of whether we prevail, leading to material adverse effects on our business, financial position and brand value.

We may experience failures in or disruptions to our information technology systems, the malfunction of which may disrupt our business operations

We rely on our information technology systems to manage key operational functions such as processing financial data and facilitating communications. However, we cannot assure you 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 systems will not occur going forward. We may incur significant costs in restoring any damaged information technology systems. Failures in or disruptions to our information technology systems and loss or leakage of confidential information could cause transaction errors and processing inefficiencies.

Our insurance coverage may not sufficiently cover the risks related to our business operations

We maintain insurance policies that we believe are customary with standard commercial practice in the property management industry and as required under the relevant laws and regulations. For more information, see "Business — Insurance". However, we cannot guarantee that our insurance policies will provide adequate coverage for all the risks in connection with our business operations. Moreover, there are certain losses for which insurance is not available in China on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. We may be required to bear our losses to the extent that our insurance coverage is insufficient. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources.

We are exposed to risks associated with the use of third-party online payment platforms

We accept payments via various methods, including but not limited to online payments through third-party platforms such as WeChat Pay and AliPay and online payments with credit cards and debit cards issued by banks in China. We may be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment and payment on delivery options. We are also subject to various rules and requirements, regulatory or otherwise, governing electronic funds transfers, which are subject to frequent change or reinterpretation. If we fail to comply with these rules or requirements in a timely or effective manner, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from customers, process electronic funds transfers or facilitate other types of any online payments.

We are subject to risks beyond our control relating to epidemics, acts of terrorism, wars or other natural or man-made calamities in China and globally

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in markets where we have, or plan to have, business operations. Some of these markets are situated in geographic regions of China that 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 the novel coronavirus, severe acute respiratory syndrome (SARS), Ebola, strains of avian influenza, the human swine influenza A (H1N1), the human swine influenza A (H5N1) and the human swine influenza A (H7N9). Serious natural disasters may result in a tremendous loss of lives, injuries and the destruction of assets, as well as disrupt our business operations. Severe communicable disease outbreaks could result in widespread health crises that materially and adversely affect economic systems and financial markets. For example, the outbreak of the novel coronavirus may disrupt our business operations to the extent that any of our employees or employees of our subcontractors have contracted, or are suspected of having contracted, the disease. For more information, see "— We face certain risks associated with the outbreak of the novel coronavirus" in this section. As a property management company, such occurrences may have damaging effects on our reputation and materially affect our business development efforts going forward. Acts of war or terrorism may also injure our employees, cause loss of life, disrupt our business operations and adversely affect the financial well-being of our customers. Any of these and other factors beyond our control may create uncertainties within the overall business environment, thereby causing our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial position and results of operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

We are vulnerable to adverse changes in economic, political and social conditions and government policies, laws and regulations in China

All of our business operations, property management projects, customers and suppliers are located in China. Accordingly, our business, financial position, results of operations and prospects are, to a significant degree, subject to economic, political and social conditions in China. The PRC Government plays a significant role in regulating industry development by imposing industrial policies. It also exercises significant control over the national economic development through the allocation of resources, controlling payments of foreign currency-denominated obligations, setting monetary policies and providing preferential treatment to particular industries or companies.

Although the overall growth of the PRC economy has been significant over the past decade, growth has been uneven, both geographically and among various sectors of the economy. We cannot assure you that the PRC economy will continue to grow, or that if there is growth, such growth will be steady and uniform. Any economic slowdown may materially and adversely affect our business. Additionally, the PRC Government has implemented various measures to encourage economic growth, guide the allocation of resources or slow down certain segments of the economy which the PRC Government believed was overheating. We cannot assure you that the various macroeconomic measures and monetary policies adopted by the PRC Government will be effective in improving the growth rate of the PRC economy. In addition, such measures, even if they benefit the overall PRC economy in the long term, may reduce demand for our services and products and therefore materially and adversely affect our business, financial position and results of operations.

The PRC Government's 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. For more information, see "Regulatory Overview — Regulations Relating to Foreign Exchange Control — Regulations on Foreign Currency Exchange". We receive substantially all our revenue in Renminbi. Under our current structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not pay dividends in foreign currencies to our shareholders.

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 the 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 subsidiaries' ability to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from us.

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

We conduct substantially all our business in Renminbi. Following the Global Offering, we may also maintain a significant portion of the proceeds from the Global Offering in Hong Kong dollars before they are used in our PRC operations. The value of the Renminbi against the US dollar and Hong Kong dollar may be affected by changes in the PRC's policies and international economic and political developments. As a result, the exchange rate may be volatile. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars (which are pegged to the US dollar), of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the Renminbi against the US dollar or the Hong Kong dollar would make any new Renminbi denominated investments or expenditures more costly to us, to the extent that we need to convert US dollars or Hong Kong dollars into Renminbi for such purposes. 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. For example, the PRC Government introduced measures in certain sectors to avoid overheating of the PRC economy, including increasing interest rates and capital reserve thresholds at PRC commercial banks. The PRC Government may take similar measures in response to future inflationary pressures. The effects of the stimulus measures implemented by the PRC Government since the global economic crisis that commenced in 2008 and the continued growth in the overall economy since then have resulted in sustained inflationary pressures. Rampant inflation without the PRC Government's mitigation policies would likely increase our costs, thereby materially reducing our profitability, as 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 such that we may see reduced demand for our services and products, and therefore decrease our revenue growth and adversely affect our results of operations.

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

The legal system in China has inherent uncertainties that could limit the legal protection available to our Shareholders. As we conduct all of our business operations in China, we are principally governed by PRC laws, rules and regulations. The PRC legal system is based on the civil law system. Unlike the common law system, the civil law system is established on the written statutes and their interpretation by the Supreme People's Court (最高人民法院), while prior legal decisions and judgments have limited significance as precedent. The PRC Government has been developing a commercial law system, and has made significant progress in promulgating laws and regulations related to economic affairs and matters, such as corporate organization and governance, foreign investments, commerce, taxation and trade.

However, many of these laws and regulations are relatively new. There may be a limited volume of published decisions regarding their interpretation and implementation, or the relevant local administrative rules and guidance on implementation and interpretation have not been put into place. Thus, there are uncertainties involved in their enactment timetable, which may not be as consistent and predictable as in other jurisdictions. For example, on July 20, 2018, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council released the Reform Plan on the National and Local Taxation Collection and Management System (國稅地稅徵管體制改革方案) (the "**Reform Plan**"), which stipulated that tax authorities will collect social insurance contributions from January 1, 2019 onwards. While this may result in a stricter regime for the collection of social insurance funds, at the executive meeting held on September 6, 2018, the State Council proclaimed that it would make efforts to lower the payable amounts of social insurance funds so as to alleviate, as a general matter, the resulting financial burdens on corporations. In addition, the PRC legal system is based in part on government policies and administrative rules (some of which are not published on a timely basis or at all) that may have retroactive effect. Consequently, we may not be aware of any violation of these policies and rules until sometime after such violation has occurred. Furthermore, the legal protection available to you under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and result in substantial costs and diversion of resources and management attention.

It may be difficult to effect service of process on our Directors or senior management who reside in China or to enforce any judgments obtained from non-PRC courts against us or them in China

Although our Company is incorporated in the Cayman Islands, all of our assets are located in China and all of our executive and non-executive Directors and senior management ordinarily reside in China. Therefore, it may be difficult to effect service of process within Hong Kong or elsewhere outside of China upon us or our Directors or senior management or to enforce any judgments obtained from non-PRC courts against us or our Directors or senior management in the PRC. Moreover, China has not entered into treaties for the reciprocal recognition and enforcement of court judgments with Japan, the United Kingdom, the United States and many other countries. However, judgments rendered by Hong Kong courts may be recognized and enforced in China if the requirements set forth by the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) are met. Therefore recognition and enforcement in China of judgments of a court in any of these jurisdictions other than Hong Kong in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

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

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

In addition, under the EIT Law and its implementation rules, the Notice of the State Administration of Taxation on Negotiated Reduction of Dividends and Interest Rates (國家稅務總局關於下發協定股息稅率情況一覽表的通知), or Notice 112, which was issued on January 29, 2008 and amended on February 29, 2008, the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion, or the Double Taxation Arrangement (Hong Kong) (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), which became effective on December 8, 2006, and the Announcement of the State Administration of Taxation on the Determination of "Beneficial Owners" in the Tax Treaties (關於稅收協定中「受益所有人」有關問題的公告), or Notice 9, which became effective on April 1, 2018, dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiary may be subject to a withholding tax at a rate of 10%, or at a rate of 5% if our Hong Kong subsidiary is considered as a "beneficial owner" that is generally engaged in substantial business activities and entitled to treaty benefits under the Double Taxation Arrangement (Hong Kong). Furthermore, the ultimate tax rate will be determined by treaty between the PRC and the tax residence of the holder of the PRC subsidiary. We are actively monitoring the withholding tax and are evaluating appropriate organizational changes to minimize the corresponding tax impact.

We may be deemed a PRC resident enterprise under the EIT Law and be subject to a tax rate of 25% on our global income

Pursuant to the EIT Law, which came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, an enterprise established outside China whose "*de facto* management body" is located in China is considered a "PRC resident enterprise" and will generally be subject to the uniform enterprise income tax rate, or EIT rate, of 25% on its global income. Under the implementation rules of the EIT Law, "*de facto* management body" is defined as the organizational body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

SAT issued Circular 82 on April 22, 2009 (which was amended on December 29, 2017) setting out the standards and procedures for determining whether the "*de facto* management body" of an enterprise registered outside of China and controlled by PRC enterprises or PRC enterprise groups is located within China. 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 China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within China. 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. Further to Circular 82, 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稅管理辦法(試行)) (the "**Bulletin 45**"), which took effect on September 1, 2011 and amended on June 1, 2015, June 28, 2016 and June 15, 2018 to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises". Bulletin 45 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 China 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. All members of our senior management are currently based in China; if we are deemed a PRC resident enterprise, the EIT rate of 25% on our global taxable income may reduce capital we could otherwise divert to our business operations.

We face uncertainty relating to the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) ("Circular 7") issued by the SAT

On February 3, 2015, the SAT issued Circular 7, which abolished certain provisions in the Circular on Strengthening the Administration of Enterprise Income Tax on Non-PRC Resident Enterprises' Share Transfers (關於加強非居民企業股權轉讓所得企業所得稅管理的通知) ("**Circular 698**"), previously issued by the SAT on December 10, 2009 and completely abolished by the Announcement on Issues concerning the Withholding of Enterprise Income Tax at Source on Non-Resident Enterprises (關於非居民企業所得稅源泉扣繳有關問題的公告) issued by the SAT on October 17, 2017, which became effective from December 1, 2017 and was amended on June 15, 2018. Circular 7 provides comprehensive guidelines relating to indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise ("**PRC Taxable Assets**"). For example, Circular 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-PRC resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets. The PRC tax authorities may disregard the existence of such overseas holding company and consider the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC EIT and lack any other reasonable commercial purpose. Although Circular 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from PRC EIT under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. If such transaction were determined by the tax authorities to lack reasonable commercial purpose, we or our Shareholders could be subjected to additional PRC tax reporting obligations or tax liabilities.

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稅法) 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.

Although 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.

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

The SAFE issued Circular 37, effective on July 2014, which replaced the previous Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round Trip Investment via Overseas Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知). Circular 37 requires PRC residents, including PRC institutions and individuals, must register with the SAFE or its local branches 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. In accordance with the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知), the foreign exchange registration aforesaid has been directly reviewed and handled by banks since June 1, 2015, and the 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.

RISKS RELATING TO THE GLOBAL OFFERING

The liquidity and market price for our Shares may be volatile following the Global Offering

First Property Management and First Living were listed on the NEEQ in May 2016 and March 2018, respectively, and both were subsequently delisted from the NEEQ in December 2019. The indicative offer price range and the Offer Price will be determined by negotiations between us and the Sole Global Coordinator (on behalf of the Underwriters), and they may differ significantly from the market price of our Shares following the Global Offering.

We have applied to list and deal in our Shares on the Stock Exchange. However, even if approved, there can be no guarantee that: (i) an active or liquid trading market for our Shares will develop; or (ii) if such a trading market does develop, it will be sustained following completion of the Global Offering; or (iii) the market price of our Shares will not decline below the Offer Price. The trading volume and price of our Shares may be subject to significant volatility in response to, among others, the following factors:

- variations in our financial position and/or results of operations;
- changes in securities analysts' estimates of our financial position and/or results of operations, regardless of the accuracy of information on which their estimates are based;
- changes in investors' perception of us and the investment environment generally;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic alliances or acquisitions;
- industrial or environmental accidents, litigation or loss of key personnel;
- changes in laws and regulations that impose limitations on our industry;
- fluctuations in the market prices of our properties;
- announcements made by us or our competitors;

- changes in pricing adopted by us or our competitors;
- release or expiry of lock-up or other transfer restrictions on our Shares;
- the liquidity of the market for our Shares; and
- general economic and other factors.

Purchasers of our Shares will experience immediate and substantial dilution as a result of the Global Offering and could face dilution as a result of future equity financings

The Offer Price substantially exceeds the per Share value of our net tangible assets after subtracting our total liabilities, and therefore purchasers of our Shares will experience immediate dilution when they purchase our Shares in the Global Offering. If we were to distribute our net tangible assets to our Shareholders immediately following the Global Offering, potential investors would receive less than the amount they paid for their Shares.

We will comply with Rule 10.08 of the Listing Rules, which specifies that no further Shares or other securities of our Company (subject to certain exceptions) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date. However, after six months from the Listing Date we may raise additional funds to finance future acquisitions or expansions of our business operations by issuing new Shares or other securities of our Company. As a result, the percentage shareholding of the then Shareholders may be diluted and such newly issued Shares or other securities may confer rights and privileges that have priority over those of the then Shareholders.

Future issues, offers, sales or perceived sales of our Shares may adversely the prevailing market price of our 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 Shares. Moreover, future sales or perceived sales of a substantial amount of our Shares or other securities relating to our Shares in the public market may negatively impact the market price of our Shares, or adversely affect our ability to raise capital in the future at a time and price at which we deem appropriate. Our Shareholders may experience dilution in their holdings in the event we issue additional securities in future offerings. Our Shares held by the Controlling Shareholders are currently subject to certain lock-up undertakings, the details of which are set out in "Underwriting — Underwriting Arrangements and Expenses". However, there is no assurance that following the expiration of the lock-up periods, these Shareholders will not dispose of any Shares. We cannot predict the effect of any future sales of the Shares by any of our Shareholders on the market price of our Shares.

We may not declare dividends on our Shares in the future

Any declaration of dividends will be proposed by our Board of Directors, and the amount of any dividends will depend on various factors, including, without limitation, our results of operations, financial position, capital requirements and surplus, contractual restrictions, future prospects and other factors which our Board of Directors may determine are important. For more information, see "Financial Information — Dividends and Distributable Reserve". We cannot guarantee when, if and in what form dividends will be paid. Our historical dividend policy should not be taken as indicative of our dividend policy in the future.

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. For more information, see "Future Plans and Use of Proceeds".

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 relating to the protection of the interests of minority shareholders 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 or same protections as those afforded under the laws of Hong Kong or in other jurisdictions. A summary of the Cayman Islands Companies Law on protection of minority shareholders is set out in "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Companies Law — Summary of Cayman Islands Companies Law and Taxation — 5 Shareholders' Suits" and "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Companies Law — Summary of Cayman Islands Companies Law and Taxation — 6 Protection of Minorities" to this prospectus.

Our Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of the other Shareholders

Mr. Zhang Lei, Mr. Zhang Peng, Glorious Group, Cedar Group and Hao Fung are the Controlling Shareholders of our Group. For more information, see "Relationship with Controlling Shareholders". The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders 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. This concentration of ownership may discourage, delay or prevent changes in control of our Company that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

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 Thursday, October 15, 2020. However, our Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be Thursday, October 22, 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.

We cannot guarantee the accuracy of facts, forecasts and statistics with respect to China, the PRC economy and our relevant industries contained in this prospectus

Certain facts, forecasts and statistics in this prospectus relating to China, the PRC economy and industries relevant to us were obtained from various official government publications, from China Index Academy and publicly available sources. We believe that the sources of the information are appropriate sources for such information, and have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee either the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Underwriters or any of their respective directors, officers, affiliates, advisors or representatives, or any other parties involved in the Global Offering (except for CIA).

Therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside of China. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics herein may be inaccurate or incomparable to statistics produced for other economies and should not be relied upon. Furthermore, there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, investors should consider how much weight or importance they should attach to or place on such facts, forecasts or statistics.

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

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

You should read this entire prospectus carefully and should not consider or rely on any particular statements in published media reports without carefully considering the risks and other information in this prospectus

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, there has been or may be press and media coverage regarding us, our business, our industry and the Global Offering. Such press and media coverage may include references to information that do not appear in this prospectus or is inaccurate. We have not authorized the publication of any such information contained in unauthorized press and media coverage. Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media and do not accept any responsibility for the accuracy or completeness of any financial information or forward-looking statements contained therein. To the extent that any of the information in the media is inconsistent or conflicts with the contents of this prospectus, we expressly disclaim it. Accordingly, prospective investors should only rely on information included in this prospectus and not on any of the information in press articles or other media coverage in deciding whether or not to purchase the Offer Shares.

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our Company was incorporated in the Cayman Islands with limited liability under the laws of the Cayman Islands on January 20, 2020. The headquarters of our Group are located in the PRC. Our Company has four executive Directors, two non-executive Directors and a total of three senior management members. None of them currently resides in Hong Kong. We are principally engaged in providing property management services and green living solutions that cover the full property life-cycle. All of the business operations and management functions of our Group are carried out in the PRC.

We do not and, for the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules on the following grounds:

(a) the executive Directors and senior management members of our Group are expected to continue to be based in the PRC as it would be more effective and efficient for them to be based in or near the headquarters of our Group and the location where all of the business operations and management functions of our Group are carried out; and

(b) for the purpose of the management and operations of our Group, the appointment of additional executive Directors who are ordinarily resident in Hong Kong would unnecessarily increase the administrative expenses of our Company. In addition, appointing new executive Directors, who may not be familiar with the operations of our Company, to our Board for the sole purpose of satisfying the requirement under Rule 8.12 of the Listing Rules may not be in the best interests of our Company and our Shareholders as a whole.

In light of the above, our Directors consider that maintaining management presence in Hong Kong as required under Rule 8.12 of the Listing Rules would draw upon our Group's key management resources and is therefore not beneficial to or appropriate for our Group.

We understand that the primary concern of the Stock Exchange under Rule 8.12 of the Listing Rules is to ensure that there is an effective channel of communication between the Stock Exchange and our Company. In this regard, we have confirmed that we will ensure that sufficient measures and arrangements are made in order to facilitate efficient communication with the Stock Exchange as well as proper compliance with the Listing Rules.

We will put in place the following measures and arrangements for maintaining regular communication between the Stock Exchange and us:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules. The two authorized representatives are Mr. Liu Peiqing (劉培慶), our executive Director, and Ms. Szeto Kar Yee Cynthia (司徒嘉怡), our company secretary. The authorized representatives will act as the principal channel of communication between the Stock Exchange and our Company. The authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange.

(b) each of the authorized representatives has means to contact all Directors (including the non-executive Directors and the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Our Company will implement a policy whereby:

    (i) each Director will provide his or her mobile phone number, office phone number, email address and facsimile number to the authorized representatives;

    (ii) each Director will provide his or her phone numbers or means of communication to the authorized representatives when he or she is traveling; and

    (iii) each Director will provide his or her mobile phone number, office phone number, email address and facsimile number to the Stock Exchange.

(c) in compliance with Rule 3A.19 of the Listing Rules, we have retained Soochow Securities International Capital Limited, to act as the compliance advisor of our Company, and who will act as an additional channel of communication between the Stock Exchange and our Company for the period commencing on the Listing Date and ending on the date that our Company publishes the financial results for the first full financial year after the Listing Date pursuant to Rule 13.46 of the Listing Rules.

(d) we will inform the Stock Exchange promptly in respect of any change in our Company's authorized representatives.

(e) all Directors who are not Hong Kong residents have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and would be able to come to Hong Kong and, when required, meet with the Stock Exchange upon reasonable notice.

We believe that the above measures and arrangements will ensure that all members of our Board can be promptly informed of any matters raised by the Stock Exchange and that there is an effective communication channel in place between the Stock Exchange and our Company.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions that will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with the requirements in relation to certain continuing connected transactions under Chapter 14A of the Listing Rules. For more information, see "Connected Transactions".

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

This document, 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 our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

GLOBAL OFFERING

This document 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 document and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this document and the Application Forms and on the terms and subject to the conditions set out 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 document and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and any of the Underwriters, any of their respective directors, 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 Sole Global Coordinator. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Sole Global Coordinator (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. 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 about the Price Determination Date.

The Offer Price is expected to be fixed among the Sole Global Coordinator (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, October 15, 2020 and, in any event, not later than Friday, October 16, 2020 (unless otherwise determined between the Sole Global Coordinator (for themselves and on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Sole Global Coordinator and our Company on or before Friday, October 16, 2020, the Global Offering will not become unconditional and will lapse immediately.

For more information about the Underwriters and the underwriting arrangements, see "Underwriting".

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in "How to Apply for Hong Kong Offer Shares" in this document and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in "Structure of the Global Offering" in this document.

SELLING RESTRICTIONS ON OFFERS AND SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this document and on the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this document and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this document may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this document and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the 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 Share Option Scheme).

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, October 22, 2020. No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All the Offer Shares will be registered on the Hong Kong register of members of our Company in order to enable them to be traded on the Stock Exchange.

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 listing of, and permission to deal in, the 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.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and Stabilization are set out in “Structure of the Global Offering” in this document. Assuming that the Over-allotment Option is exercised in full, our Company may be required to issue up to an aggregate of 37,500,000 additional new Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance 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 Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTRAR AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register will be maintained by the Hong Kong Share Registrar in Hong Kong.

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong register of members of our Company in Hong Kong. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For more information on Hong Kong stamp duty, please seek professional tax advice.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF SHARES

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

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Cayman Islands Companies Law and our Articles;

- agrees with us and each of our Shareholders that the Shares are freely transferable by the holders thereof; and

- authorizes us to enter into a contract on his or her behalf with each of our Directors, managers and officers whereby such Directors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles.

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 of subscribing for, holding and dealing in the Shares or exercising any rights attached to them. It is emphasized that none of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisors or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this document includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the Renminbi amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated, (i) the translation between Renminbi and Hong Kong dollars was made at the rate of RMB1.0 to HK$1.13802 and (ii) the translations between U.S. dollars and Renminbi were made at the rate of RMB1.0 to US$0.14684, the exchange rate prevailing on September 30, 2020 (it being a Sunday on the Latest Practicable Date and a public holiday on each of October 1 and October 2, 2020) published by the PBOC for foreign exchange transactions.

TRANSLATION

If there is any inconsistency between the English version of this document and the Chinese translation of this document, the English version of this document shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English document which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table in this document between total and sum of amounts listed therein are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Liu Peiqing (劉培慶)	3rd Floor, Building 8, Wanguo City No. 1 Xiangheyuan Road Dongzhimenwai Dongcheng District Beijing, PRC	Chinese
Mr. Jia Yan (賈岩)	No. 1902, Building 12 Chedaogou South Lane Haidian District Beijing, PRC	Chinese
Mr. Jin Chungang (金純剛)	Room 602, Unit 2, Building 6 Vanke Zijun No. 91 Xinjinci Road Wanbailin District, Taiyuan Shanxi, PRC	Chinese
Ms. Zhu Li (朱莉)	Room 1326, Building 2 No. 254, Chaidamu Road Chengbei District, Xining Qinghai, PRC	Chinese
Non-executive Directors		
Mr. Zhang Peng (張鵬)	Room 401, Unit 1, Building 2 Xingyiyuan, Maoyi Lane Jinfeng District, Yinchuan Ningxia, PRC	Chinese
Mr. Long Han (龍晗)	No. 136, Office Dormitory Yangluozhou Town Yuanjiang Hunan, PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Ms. Sun Jing (孫靜)	601, Gate 12, Building 24 Shuanghuiyuan Community Shuangqiao Road Chaoyang District Beijing, PRC	Chinese
Ms. Zhu Caiqing (朱彩清)	702, Unit 1, 7th Floor, Building 2 1 Shimencun Road Chaoyang District Beijing, PRC	Chinese
Mr. Cheng Peng (程鵬)	35 Qinghua East Road Beijing Forestry University Haidian District Beijing, PRC	Chinese

For more information about our Directors and senior management members, see "Directors and Senior Management".

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Haitong International Capital Limited** *(a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities for the purpose of SFO)* 8th Floor, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Sole Global Coordinator	**Haitong International Securities Company Limited** *(a licensed corporation under SFO to carry out Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities for the purpose of SFO)* 22nd Floor, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Bookrunners	**Haitong International Securities Company Limited** *(a licensed corporation under SFO to carry out Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities for the purpose of SFO)* 22nd Floor, 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

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C1-2, 13/F, United Centre
No. 95 Queensway
Hong Kong

Legal advisors to our Company

As to Hong Kong law:

Miao & Co. (in Association with Han Kun Law Offices)
Rooms 3901-05, 39/F
Edinburgh Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

As to PRC law:

Han Kun Law Offices
9/F, Office Tower C1
Oriental Plaza
1 East Chang An Avenue, Dongcheng District
Beijing, China

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Legal advisors to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **Sidley Austin** Level 39 Two International Finance Center 8 Finance Street Central Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 6th Floor, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing, China
Auditor and reporting accountants	**KPMG** Certified Public Accountants 8th Floor, Prince's Building 10 Chater Road, Central Hong Kong
Industry consultant	**China Index Academy** Tower A No. 20 Guogongzhuang Middle Street Fengtai District Beijing, China
Receiving bank	**Hang Seng Bank Limited** 83 Des Voeux Road Central Hong Kong

Registered Office	**Maples Corporate Services Limited** PO Box 309 Ugland House Grand Cayman, KY1-1104 Cayman Islands
Headquarters	3rd Floor, Building 10 Wanguocheng MOMA No. 1 Xiangheyuan Road, Dongzhimenwai Dongcheng District Beijing, PRC
Principal Place of Business in Hong Kong	31/F., Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	www.firstservice.hk *(Note: the information on this website does not form part of this prospectus)*
Company Secretary	**Ms. Szeto Kar Yee Cynthia (司徒嘉怡)** (HKICS) 31/F., Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	**Mr. Liu Peiqing (劉培慶)** 3rd Floor, Building 8, Wanguo City No. 1 Xiangheyuan Road Dongzhimenwai Dongcheng District Beijing, PRC **Ms. Szeto Kar Yee Cynthia (司徒嘉怡)** 31/F., Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong

Audit Committee	Ms. Sun Jing (孫靜) *(Chairman)* Ms. Zhu Caiqing (朱彩清) Mr. Cheng Peng (程鵬)
Remuneration Committee	Mr. Cheng Peng (程鵬) *(Chairman)* Mr. Zhang Peng (張鵬) Ms. Zhu Caiqing (朱彩清)
Nomination Committee	Mr. Zhang Peng (張鵬) *(Chairman)* Ms. Zhu Caiqing (朱彩清) Mr. Cheng Peng (程鵬)
The Cayman Islands Principal Share Registrar and Transfer Office	**Maples Fund Services (Cayman) Limited** PO Box 1093, Boundary Hall Cricket Square, Grand Cayman, KY1-1102 Cayman Islands
Hong Kong Share Registrar	**Tricor Investor Services Limited** Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance Advisor	**Soochow Securities International Capital Limited** Level 17, Three Pacific Place 1 Queen's Road East Hong Kong
Principal Bank	**China Guangfa Bank, Beijing Dongzhimen Branch** 1/F, Tower A Donghuan Plaza 9 Dongzhong Street, Dongcheng District Beijing, 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 Sole Global Coordinator, the Joint Bookrunners, the Underwriters, any of their respective directors, officers, affiliates, advisors or representatives, or any other party (other than CIA) involved in the Global Offering. We, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Underwriters, any of their respective 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 by CIA at a total cost of RMB800,000. CIA is an independent property research organization in China with over 500 analysts. It uses research parameters and assumptions and gathers data from multiple primary and secondary sources, including data from property management companies (such as reported statistics, websites and marketing materials), surveys, data from the China Real Estate Index System, public data from governmental authorities and data gathered for preparing previously published reports. Data analysis in this section is primarily based on that of the Top 100 Property Management Companies, on which CIA has been conducting research since 2008. CIA derives its rankings of property management companies primarily by evaluating their individual management scales, operational performance, service quality, growth potential and social responsibility. In preparing the CIA Report, CIA assumed that: (i) all published data by the Statistics Bureaus are accurate; and (ii) all collected information relating to residential sales transactions from the relevant local housing administrative bureaus are accurate; and (iii) where subscribed data is obtained from renowned public institutions, CIA has relied upon the expertise of such institutions. According to CIA, the data in this section has also taken into account the outbreak of the novel coronavirus. Our Directors confirm that, to the best of our knowledge, there was no adverse change in the market information since the date of the CIA Report and up to the Latest Practicable Date which may qualify, contradict or impact the information in this section.

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 a regulatory framework for the PRC property management industry in parallel to its development. The first of these were the Provisions on Property Management (物業管理條例) promulgated in June 2003. As more regulations were promulgated over the years, the resulting creation of an open and fair market system for the property management industry spurred its growth.

Development of the PRC Property Management Industry

Continuous Growth in Market Share for the Top 100 Property Management Companies

According to CIA, increasing urbanization has led to continuous growth in market size for the PRC property management industry. In parallel with China's rising urbanization rates (from 29.0% in 1995 to 60.6% in 2019), GFA under management for the PRC property management industry increased by a CAGR of 8.2% from 17.5 billion sq.m. as of December 31, 2015 to 23.9 billion sq.m. as of December 31, 2019. Combined with the continued expansion and development of service offerings by property management companies, this has led to a general rise in revenues for the industry as a whole. Revenues for the property management industry increased by a CAGR of 9.3% from RMB398.3 billion in 2015 to RMB568.7 billion in 2019.

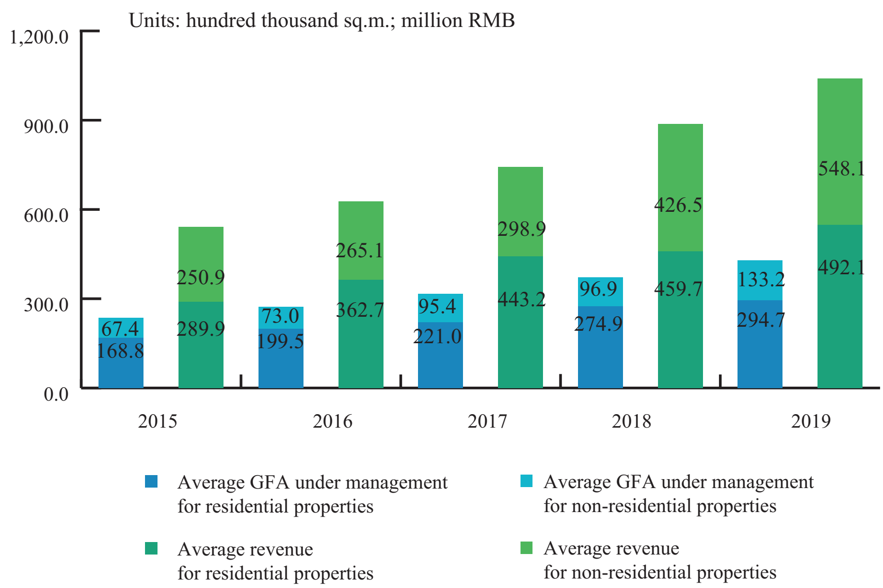
GFA under management for the Top 100 Property Management Companies has generally increased at a faster rate than that of the rest of the industry. Average GFA under management for the Top 100 Property Management Companies increased to 42.8 million sq.m. as of December 31, 2019 from 23.6 million sq.m. as of December 31, 2015, representing a CAGR of 16.0%, while average undelivered GFA increased from 8.2 million sq.m. in 2016 to 16.9 million sq.m. in 2019, representing a CAGR of 27.1%. Average revenues for the Top 100 Property Management Companies also increased in parallel to RMB1,040.2 million in 2019 from RMB540.8 million in 2015, representing a CAGR of 17.8%. Average revenues for the Top 100 Property Management Companies have been raised substantially higher as a whole by the Top 10 Property Management Companies, whose average revenues in 2017, 2018 and 2019 were RMB3.7 billion, RMB4.9 billion and RMB5.7 billion, respectively.

Increasing Diversification of the Property Management Portfolio of the Top 100 Property Management Companies

While residential properties continue to dominate the portfolios of the Top 100 Property Management Companies, the proportion of non-residential properties has increased as property management companies sought to diversify their properties under management and management experience. From 2015 to 2019, average GFA under management and revenues for non-residential properties managed by the Top 100 Property Management Companies increased by a CAGR of 18.6% and 21.6%, respectively.

According to CIA, there is significant market potential for non-residential properties because (i) of 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.

The following chart sets forth a breakdown of the average revenue of and GFA under management for the Top 100 Property Management Companies by residential and non-residential properties from 2015 to 2019:



Source: CIA

Major Revenue Models in the PRC Property Management Industry

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

Average Property Management Fees Collected by the Top 100 Property Management Companies

In 2019, average property management fees collected by the Top 100 Property Management Companies for all types of residential and non-residential property management projects was RMB3.9 per sq.m. per month. In the same year, average property management fees for residential properties managed by the Top 100 Property Management Companies (as the dominant portion of their property management portfolios) was RMB2.1 per sq.m. per month. According to CIA, the Top 100 Property Management Companies have been seeking to diversify their property management projects and management experience to include more 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 in 2019 for the Top 100 Property Management Companies in relation to office buildings, commercial properties, public properties and industrial parks were RMB7.0 per sq.m. per month, RMB6.3 per sq.m. per month, RMB3.4 per sq.m. per month and RMB3.3 per sq.m. per month, respectively.

Property Management for "Green Buildings"

Growing numbers of property management companies are paying attention to the need to conserve resources and protect the environment when providing property management services. According to CIA, the number of properties under management that have been awarded "Green Building Labels" (綠色建築標識) is a reflection of a property management company's ability to do so. Accordingly, as confirmed by CIA, the "Green Building Labels" are one of the most prestigious metrics of the eco-friendliness of buildings within the PRC property management and property development industries. As of December 31, 2019, GFA under management for "green buildings" accounted for only 4.3% of the total GFA under management of the 2020 Top 100 Property Management Companies. This highlights the difficulty of obtaining such certifications and their prestige within the property management industry.

Certification Requirements for "Green Building Labels"

MOHURD and its local administrative authorities are primarily responsible for the regulation of "green buildings" and the drafting and amendment of relevant industry standards. Certification requirements for "Green Building Labels" are laid out in the "Green Building Evaluation Standards", which were amended twice in 2014 and 2019 since their initial promulgation in June 2006.

Prior to 2019, there were two types of "Green Building Labels", namely the "Green Building Design Label" (綠色建築設計標識) and "Green Building Operation Label" (綠色建築運營標識). Both "Green Building Design Labels" and "Green Building Operation Labels" were granted based on a single set of objective standards certifying the eco-friendliness of properties. Generally, "Green Building Design Labels" were awarded during the initial design and planning stages of property development, while "Green Building Operation Labels" were awarded during the post-construction operational stage. "Green Building Label" certifications are classified into the "Basic", "One Star", "Two Star" and "Three Star" tiers, with "Three Star" as the highest level of recognition. The certification criteria are based on the five factors of safety and durability (安全耐久), health and comfort (健康舒適), lifestyle convenience (生活便利), resource conservation (資源節約) and livability (環境宜居). Awarding "Green Building Labels" to properties amounts to recognizing that they demonstrate exceptional performance as to those five factors. Those property developers and property management companies who obtained "Green Building Operation Labels" demonstrated their (i) continuing commitment to environmental protection and (ii) ability to manage properties in an eco-friendly manner.

MOHURD amended the certification regime in 2019 in recognition of this issue. Going forward, only "Green Building Labels" will be granted after properties are completed, but the certification criteria for both "Green Building Design Labels" and "Green Building Operation Labels" continue to apply. MOHURD hoped this reform would motivate property developers to continue implementing environmentally-friendly measures beyond the initial design stage. We believe we are well-positioned to benefit from this development as a property management company that is committed to protecting the environment while serving its customers.

Growth Drivers in the PRC Property Management Industry

Favorable Policies

In June 2003, the PRC Government promulgated the Provisions on Property Management (物業管理條例), establishing a regulatory framework for the property management industry. Since then, a number of laws and rules have come into effect regulating various aspects of the property management industry and numerous policies enacted to promote its development. We expect that the PRC property management industry will continue flourishing on a national scale as the formation of a stable regulatory framework facilitates the development of an open and fair market.

The PRC Government has also promulgated policies, laws and regulations that encourage property management companies to tailor their service offerings and better align themselves with environmentalist values. For example, in October 2019, the NDRC promulgated the "Master Plan of Action for Forging Green Living Lifestyles" (綠色生活創建行動總體方案), encouraging the increased application of and innovation in technology, renewable energy and building materials to facilitate energy conservation in property development. The same policy also set forth the goal that by 2022, the GFA of "green buildings" should be at least 60% of the total GFA of newly developed properties in various PRC towns and cities. In addition, in July 2020, MOHURD, the NDRC, the Ministry of Education of the PRC (中華人民共和國教育部), the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), the PBOC, the National Government Offices Administration (國家機關事務管理局) and the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) jointly promulgated the "Notice Regarding the Action Plan for Green Building Construction Issued by the Seven Departments" (關於印發綠色建築創建行動方案的通知), which mandated that GFA for "green buildings" should account for at least 70% of the GFA of newly-developed properties by 2022, and reiterated the commitment to continue pushing for the rapid development of "green buildings". It is expected that such favorable policies from the PRC Government, encouraging the development of green technologies and "green buildings", will result in additional demand for property management companies who are committed to environmental protection.

Rapid Urbanization and Growth in Disposable Income

According to CIA, rapid urbanization in China and growth in per capita disposable income are principal growth drivers for the PRC property management industry. China's rapid economic development has spurred continuous growth in the per capita disposable income for the urban population, and the urban population will be increasingly willing to pay premiums for quality and increase their discretionary spending on goods and services beyond basic necessities. This includes growing demand for better living conditions and higher-quality property management services.

Growth in the Supply of Commodity Properties

The supply of commodity properties (properties developed for sale) increased in parallel with rapid urbanization in China and growth in per capita disposable income. According to CIA, the total GFA of commodity properties sold in China increased from 1,206.5 million sq.m. as of December 31, 2014 to 1,715.6 million sq.m. as of December 31, 2019, representing a CAGR of 7.3%. The total GFA of commodity properties newly constructed in China increased by 4.8% from 1,795.9 million sq.m. as of December 31, 2017 to 2,271.5 million sq.m. as of December 31, 2019. Growth in the supply of commodity properties is expected to generate additional demand for property management and value-added services. In terms of value-added services to non-property owners, growth in the supply of commodity properties in line with rapid urbanization signifies there will continue to be high levels of GFA available for sale and GFA for properties under development in China. Examples of value-added services that property developers will continue to require are sales assistance and preliminary planning and design consultancy services. According to CIA, the market outlook for value-added services is generally expected to remain positive.

Diversification of Financing Channels

A number of policies have come into effect to reform and develop the PRC capital markets, providing opportunities for property management companies to access diversified financing channels. As of March 31, 2020, there were three property management companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, 23 property management companies listed on the Stock Exchange and 40 property management companies listed on the NEEQ.

Trends and Challenges in the PRC Property Management Industry

Increasing Alignment with Environmentalist Values

According to CIA, growing numbers of property management companies have aligned themselves with environmentalist values. This is the result of factors such as political and regulatory developments and the heightened sense of environmental awareness among the public. Consumers are placing greater emphasis on eco-friendliness and environmentalist values in selecting property management companies, resulting generally in increased recognition as to the value of "green buildings". This has led property management companies to enhance their efforts in promoting concepts related to energy conservation and green living. For example, property management companies may make consistent efforts to incorporate more green technologies to their projects over time.

Increasing Adoption of and Innovation in Information Technology

According to CIA, in recent years, property management companies have sought to integrate technology with traditional property management services and innovate as to new business models that will also reduce operating costs. These efforts manifest themselves in two primary directions in which property management companies are employing and exploring information technology. On the one hand, property management companies are automating key business operations, thereby streamlining their management structure and enhancing efficiency. On the other hand, the Top 100 Property Management Companies are innovating with artificial intelligence, robotic and internet technologies to enhance service quality for property owners and residents.

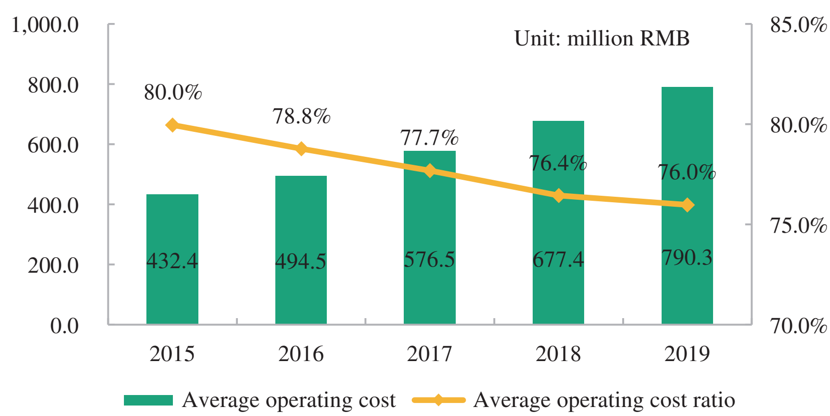
Increasing Demand for Professional Staff

The property management industry faces challenges in connection with recruiting quality professional staff at affordable salary levels. In line with increasing adoption of and innovation in information technology, property management companies need to recruit more qualified professional talent with management and technological skills. Property management companies increasingly outsource labor-intensive aspects of their operations such as cleaning, landscaping and security to subcontractors while placing greater emphasis on recruiting and training skilled professionals to facilitate the implementation of and innovation in smart management and information technologies.

Diversification of Services

Rapid expansion of GFA under management for the Top 100 Property Management Companies led to more business opportunities for generating revenue growth. In 2019, revenue derived from standard property management services for the Top 100 Property Management Companies amounted to RMB817.0 million, representing year-on-year growth of 14.6%. At the same time, the Top 100 Property Management Companies have sought to expand their service offerings with a view to highlighting their individual strengths and fulfilling their development strategies. Their continuous innovation and efforts to offer additional value to their customers have resulted in rapid growth in revenues derived from value-added services. In 2019, revenue derived from value-added services for the Top 100 Property Management Companies amounted to RMB223.1 million, representing year-on-year growth of 29.0%. Furthermore, the percentage of revenue contribution for value-added services for the Top 100 Property Management Companies has steadily increased over the years, at 18.2%, 19.5% and 21.5% in 2017, 2018 and 2019, respectively.

Thus, while operating expenses have generally increased for the Top 100 Property Management Companies as they expanded their business, rapid growth in revenue generation has allowed them to reduce their operating cost ratio. The following chart sets forth the trends in average operating cost and operating cost ratio for the Top 100 Property Management Companies from 2015 to 2019:



Source: CIA

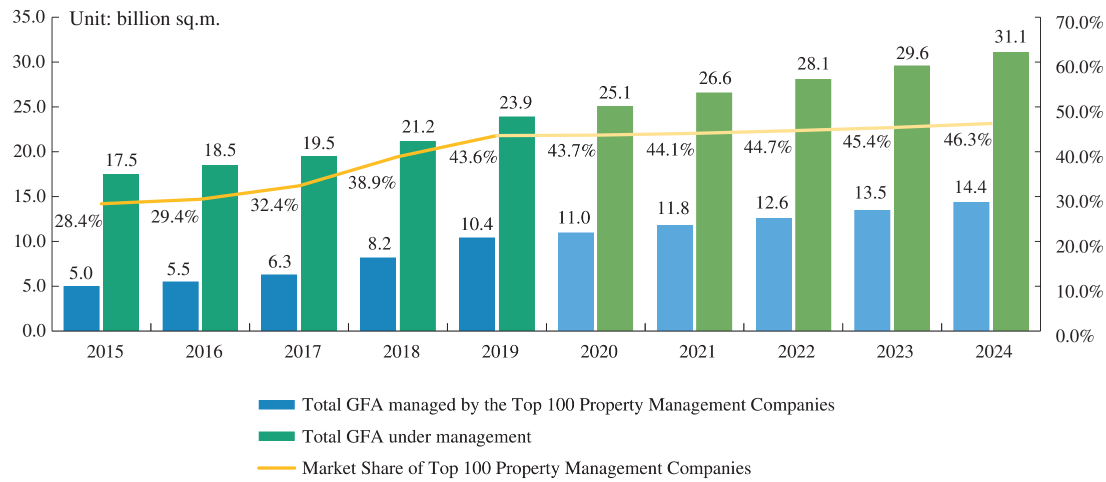
Enhancement of Service Quality

According to CIA, consumers place growing emphasis on service quality in selecting their property management companies. Rather than simply making cost-based choices, consumers weigh the proposed fees against other considerations to make the best-value purchase. Moreover, consumers recognize that the value of their properties may be enhanced by high-caliber property management services. The Top 100 Property Management Companies have responded to this trend by upgrading the quality of their property management services, exploring technological means of enhancing operational efficiencies and service quality.

Increasing Market Concentration

According to CIA, in recent years, competition has motivated the Top 100 Property Management Companies to improve the quality of their services and diversify their service offerings to win the trust of their customers. Thus, while the PRC property management industry remains fragmented, this has driven a trend of increasing concentration towards the Top 100 Property Management Companies. The market share of the Top 100 Property

Management Companies is expected to continue to increase. The following chart sets forth the growth trends in total GFA under management for all the property management companies in China and the aggregate market share of the Top 100 Property Management Companies from 2015 to 2019, as well as their expected growth trends from 2020 to 2024:



Source: CIA

Out of the total GFA under management for all the property management companies in China of 23.9 billion sq.m. as of December 31, 2019, the aggregate market share for the Top 100 Property Management Companies in terms of GFA under management was 43.6% as of the same date, which had increased from 28.4% as at December 31, 2015. As the PRC property management industry grows increasingly more concentrated, competition has also become more intense. Large-scale property management companies are adapting to the competitive landscape by seeking to improve their strategic layout and accelerate their expansion, aiming to increase their market share and improve their results of operations. They have sought to do so by pursuing organic growth and mergers and acquisitions, which exposes them to challenges in connection with integrating the business operations of their targets with those of their own.

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, inflation has caused the overall amount of consumer spending, wages and other related labor costs to rise in recent years. This places additional pressure on property management companies seeking to expand their business, for they would need to enlarge their workforce.

According to CIA, average labor costs for the Top 100 Property Management Companies have generally increased at a CAGR of 18.6% from RMB0.3 billion in 2016 to RMB0.5 billion in 2019. In 2017, 2018 and 2019, average labor costs per person for the Top 100 Property Management Companies amounted to RMB60,685.8, RMB73,672.2 and RMB89,300.3 respectively, demonstrating a steadily increasing trend. Subcontracting allows property management companies to reduce overall labor costs as well as leverage the expertise of subcontractors in their respective fields. Property management companies may also reduce their overall cost of sales by innovating with technological solutions and appropriately increasing the proportion of services performed by subcontractors.

Competitive Landscape and Position

We primarily compete against the other Top 100 Property Management Companies. CIA has ranked us No. 31 among the 2020 Top 100 Property Management Companies in terms of overall strength[(1)], representing an upward improvement of 45 places from our ranking of No. 76 among the 2015 Top 100 Property Management Companies. CIA also recognized us as one of the "2019 Top 100 Property Management Companies in terms of Service Quality" (2019中國物業服務百強服務品質領先企業) in both of the same years, while EH Consulting ranked us in its list of "2019 Top 50 PRC Residential Community Care Exemplary Enterprises for Customer Satisfaction" (2019中國社區服務商客戶滿意度模範企業).

According to CIA, we achieved year-on-year growth in terms of GFA under management of 29.6% from 2018 to 2019, higher than the year-on-year growth of GFA under management of 15.1% for the Top 100 Property Management Companies. We are ranked sixth and eighth among the 2020 Top 100 Property Management Companies headquartered in Beijing for growth rates in terms of GFA under management and revenue, respectively. Additionally, according to CIA, we ranked 113rd in terms of GFA under management and 78th in terms of revenue out of all of the 2020 Top 100 Property Management Companies (which is comprised of 244 companies, where multiple companies with the same or very close scores were assigned the same ranking). Furthermore, we were able to attain RMB45.6 in revenue per sq.m. in 2019, as compared to the average of RMB24.3 in revenue per sq.m. for the 2020 Top 100 Property Management Companies.

Note:

(1) CIA publishes an annual ranking of China-based property management companies by annual strength each year. CIA prepares the ranking by assessing certain key factors as relevant to each company, including but not limited to management scale, operational performance, service quality, growth potential and social responsibility. Our rankings based on growth rate, revenue per sq.m. and proportion of total GFA under management certified as "green buildings" may be different from the rankings in terms of overall strength. For more information, see "— Background and Methodologies of CIA" in this section.

We believe that our commitment to environmentalist values sets us apart and sharpens our competitive edge. For each of the three years between 2018 and 2020, we were recognized by CIA as a "China Green Technology Innovative Property Management Enterprise" (中國綠色科技物業創新企業) on its list of "Leading China Property Management Companies for Characteristic Services" (中國特色物業服務領先企業). Furthermore, according to CIA, we ranked third among the 2020 Top 100 Property Management Companies in terms of the proportion of total GFA under management certified with "Green Building Labels" at 46.9%. For more information on our competitive strengths, see "Business — Our Competitive Strengths".

Entry Barriers to the PRC Property Management Industry

Entry barriers to the property management industry include, but are not limited to, the following:

- *Brand*. Property developers, property owners and residents are more likely to select property management companies that have built up their brand value and reputation for quality through years of service and flagship property management projects. Property management companies that count well-known landmarks among their property management portfolios are able to raise their profile among consumers.

- *Know-how and experience*. The know-how and experience required for implementing active measures to protect the environment are nurtured over time. By way of example, the "Green Building Evaluation Standards" impose higher standards for the management of "green buildings", which may not be applicable to the management of non-certified properties. Management of "green buildings" requires property management companies to understand and adapt their operations to the various certification requirements necessary for obtaining and maintaining "Green Building Labels". Property management companies with longer operating histories would have had more opportunities than new market entrants to accumulate the relevant know-how and experience.

- *Human resources*. Over time, property management companies form their own talent reserve, training programs and incentive systems. New market entrants are likely to find it challenging to build a base of talent with the necessary skills, compatible corporate values and ethics. This is because they will compete with property management companies that have longer operating histories and more brand recognition in attracting and retaining talent.

GREEN LIVING SOLUTIONS

Overview

Green living solutions relate to the design, installation and operation of energy stations and energy systems. The aforementioned energy systems are technology systems designed to conserve energy while providing utilities, including central heating, central cooling, ventilation and air-conditioning systems. Energy stations are facilities attached to residential communities and commercial complexes for coordinating the delivery of utilities.

Privately-operated energy stations may act as an environmentally-sustainable alternative to the government-operated centralized heating system. They may be distinguished from each other in the following respects:

(i) There are no government-operated centralized heating systems in southern regions, while energy stations can satisfy central heating and central cooling needs where they are desired for residential communities and commercial complexes throughout China;

(ii) While government-operated centralized heating systems traditionally use non-renewable energy sources, such as coal-burning electricity, private energy station operators may be more diverse in their application of energy sources. Geothermal energy, a renewable clean energy source, is a common choice; and

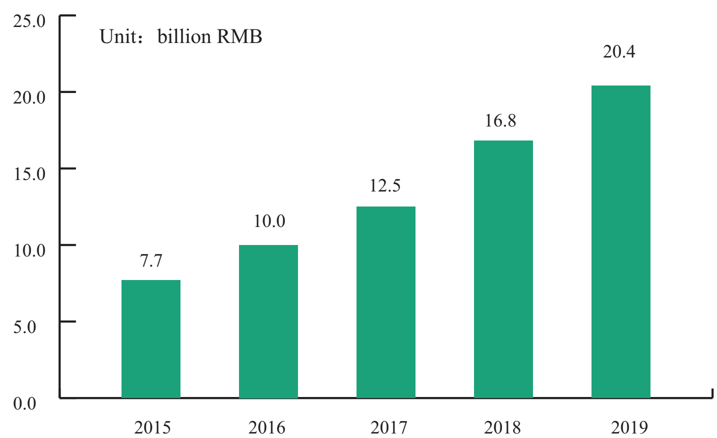
(iii) As energy stations are located at or near the residential communities and/or commercial complexes they serve, they minimize wasting of energy that occurs as it is transmitted. Government-operated centralized heating systems incur greater energy consumption as energy is being transmitted over longer distances.

For more information on our portfolio of energy operation services and green living solutions, see “Business — Green Living Solutions”.

Market Size

Green living solutions may be provided throughout various stages of the property life cycle. The design and installation of energy systems and energy stations may occur in the initial stage of property development, for example when property developers are seeking to construct “green buildings”. Green technology consulting and systems installation services may also be provided when properties have been completed, as part of general renovation efforts.

According to CIA, 45.0% of the new GFA under development in China in 2019 related to the construction of "green buildings", signifying that there is a growing market for green technology consulting and systems installation services. According to CIA, revenues for the green technology consulting and systems installation services sectors of the green living solutions market grew at a CAGR of 27.6% from RMB7.7 billion in 2015 to RMB20.4 billion in 2019. The following chart illustrates the growth in market size from 2015 to 2019:



Source: CIA

The design and installation of energy systems and energy stations are the prerequisite to the provision of energy operation services. According to CIA, China experienced rising domestic energy consumption (生活消費能源總量) at a CAGR of 6.9% from 472.1 million tons of standard coal in 2014 to 576.2 million tons in 2017. The energy operation service sector has generally grown in line with energy consumption. From 2015 to 2019, the GFA of centrally heated urban areas grew at a CAGR of 10.5% from 6.7 billion sq.m. to 10.0 billion sq.m.[(1)]

Competitive Landscape

According to CIA, the market for green living solutions is small and fragmented. The energy operation service sector is still in the early stages of development. In the northern regions of China, central heating is generally provided by local governments, while buildings that are not covered by government-operated centralized heating systems require privately-provided energy operation services. Privately-provided energy operation services, as a means of obtaining utilities such as central cooling and central heating, is more often applied in the southern regions of China, but market supply only began growing in recent years.

Note:

(1) Given that the markets for energy operation, green technology consulting, and systems installation services are in the early stages of development, public data for use in projecting their expected growth trends from 2020 to 2024 is not sufficiently available.

On the other hand, companies dedicated to providing green technology consulting and systems installation services are generally small in scale, and there is yet no obvious market leader. This affords individual corporations opportunities to develop and consolidate the service sectors. In 2019, our Company's market share in the green technology consulting and systems installation services sectors was 0.3% in terms of its revenue generated from only green technology consulting and systems installation services, and 3.1% in terms of revenue generated from its overall service portfolio.

Growth Drivers in the Green Living Solutions Market

Favorable Policies

As increasing urbanization and per capita disposable income has resulted in growing numbers of residential communities that require energy operation services, the PRC Government has consistently encouraged the research, development and application of technologies in relation to energy conservation. Examples of policies, laws and regulations promulgated in line with this goal include the "Report on Work to Enhance Energy Conservation" (關於加強節約能源工作的報告) in 1980 and the "White Paper on the Energy Policy of the People's Republic of China" (中國能源政策白皮書) in 2012.

Additionally, MOHURD has promulgated the "'Five-Part Thirteen Step' Building Conservation and 'Green Building' Development Plan" (建築節能與綠色建築發展"十三五"規劃) in February 2017 to encourage the upgrading of energy systems in completed properties of various types, including residential buildings, commercial properties and public facilities. MOHURD set forth the goal that by 2020, energy system upgrading should be completed for at least 500 million sq.m. in GFA for residential buildings and 100 million sq.m. in GFA for public facilities. Provincial governments in Beijing, Shanghai, Guangdong and Shanxi have offered allowances and subsidies to encourage such upgrading efforts. According to CIA, the PRC Government is expected to continue nurturing a friendly regulatory environment that will propel the growth of a green living solutions market open for development and consolidation by companies with know-how and experience.

Rising Demand for Privately-Provided Energy Operation Services

The central provision of utilities is generally effected through government-operated centralized heating systems and/or privately-provided energy operation services. According to CIA, there has been rising demand for privately-provided energy operation services in recent years. While approximately 50.0% of the northern regions have already been covered by government-operated centralized heating systems, the remaining 50.0% require the assistance of private companies to establish energy systems and energy stations. Additionally, according to CIA, there has been rising demand for privately-provided energy operation services in the southern regions of China where there are no government-operated centralized heating systems. In reflection of this demand in 2016, the National Energy Administration (國家能源局)

promulgated the “Management Measures for Cogeneration” (熱點聯產管理辦法) in 2016. It stated that local governments and residents in regions with cold winter temperatures, including certain regions south of the Yangtze river, were encouraged to use privately-operated energy stations to fulfill the demand for central heating. As of the end of 2019, government-operated centralized heating systems provided central heating to 41.8% of the total market size of the property management industry (in terms of GFA). CIA expects there will be market demand for privately-provided energy operation services in the remaining areas that are not covered by government-operated centralized heating systems.

The promulgation of laws and policies regarding energy conservation has also had the effect of generating interest in privately-provided energy operation services. For example, the “Northern Region Winter Clean Heating Plan (2017-2021)” (北方地區冬季清潔取暖計劃(2017-2021)) promulgated in 2017 declared that by 2021, 70.0% of central heating in the northern region should be conducted through methods that utilize clean energy, such as energy stations that leverage ground-source heat pump and ceiling radiation systems. Only 50.0% of central heating in the northern region was provided through clean energy in 2019.

The types of properties that may require privately-provided energy operation services are not limited to “green buildings”. They include buildings in the southern and northern regions of China whose central heating and/or central cooling needs have not been covered by government-operated centralized heating systems. Even where properties in the northern regions are already covered, property owners may have needs beyond basic utilities that can only be fulfilled through privately-operated energy stations. For example, certain property owners may prefer to use energy stations with systems such as ground-source heat pump and ceiling radiation systems, as they can be operated to maintain ideal indoor temperatures, humidity levels and air circulation. Other property developers and property owners may also wish to hire energy operation service providers because privately-operated energy stations offer a clean energy alternative to government-operated centralized heating systems. Additionally, CIA expects that demand for privately-provided energy operation services in non-residential properties such as shopping malls, commercial complexes and hotels in China will grow as property developers seek to employ the most advanced energy system technologies in their initial construction or subsequent redevelopment.

Scientific Consensus Regarding Changing Climates

There is general scientific consensus that the changing climate may have potentially severe consequences on human life. The public has also become increasingly conscious of how such consequences may negatively impact the environment and their health. This has spurred the development of green living solutions, which offer the possibility of, through applying know-how and experience, reducing energy consumption and conserving energy.

Trends and Challenges in the Green Living Solutions Market

Continuing Development of the Regulatory Landscape and Industry Standards

As a market in the early stages of development, the regulatory landscape and industry standards for green living solutions continue to evolve. The government institutions playing an active role in shaping the regulatory landscape include municipal landscaping administrative divisions (城市園林綠化行政主管部門) and MOHURD and its local administrative authorities. In recent years, they have issued various qualification standards aimed at managing market entrants, strategies and reform plans to regulate the development of the market as well as guidance on construction design to reduce emissions and conserve energy. Under their leadership, the regulatory landscape and industry standards for green living solutions is taking shape, while the green living solutions market develops, the relevant industry standards and regulatory landscape are expected to become more stringent.

Rising Demand for Green Technology Consulting and Systems Installation Services

Property development and property management companies are able to play significant roles in reducing the urban ecological footprint by implementing green technologies, design and construction methods and property management policies. According to CIA, demand for green technology consulting and systems installation services has grown as the public becomes increasingly conscious of environmental issues. Green technology consulting and systems installation services are increasingly applied both in property development and redevelopment projects, as properties are adapted to fulfill consumer desires on resource conservation and other environment-related goals.

Increasing Need for Technological Innovation and Diversification of Services

As the green living solutions market develops, the relevant industry standards and the regulatory landscape are expected to become more stringent. To adapt and continue growing their market share, it will be necessary for green living solutions providers to enhance their technological capabilities, whether by recruiting talent or investing more in research and development. However, green living solutions providers may face challenges in attaining the necessary capital requirements for investing in research and development or intense competition for employees with expertise in areas such as construction, architectural design and renewable energy. Furthermore, as market players may be required to tailor their services to suit various regional geographic and climate characteristics, they are well advised to develop the necessary technological capabilities for meeting expected demand.

REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (中華人民共和國公司法), which was promulgated by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) (the "**SCNPC**") on December 29, 1993 and came into effect on July 1, 1994. The Company Law of the PRC was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018 (the latest revision became effective on October 26, 2018). The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC shall also apply to foreign-invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall apply.

Before January 1, 2020, the establishment procedures, approval procedures, registered capital requirements, foreign exchange matters, accounting practices, taxation and labor matters of foreign invested companies are regulated by, in the case of a wholly foreign-owned enterprise (the "**WFOE**"), the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法), which was promulgated on April 12, 1986 by the National People's Congress of the PRC (全國人民代表大會) (the "**NPC**") and amended on October 31, 2000 and September 3, 2016 by the SCNPC (the latest revision became effective on October 1, 2016), and the Regulations for the Implementation of the Wholly Foreign-owned Enterprises Law of the PRC (中華人民共和國外資企業法實施細則), which was promulgated on December 12, 1990 by the Ministry of Foreign Trade and Economy and amended by the State Council of the PRC (中國人民共和國國務院) (the "**State Council**") on April 12, 2001 and February 19, 2014 (the latest revision became effective on March 1, 2014). On March 15, 2019, the NPC approved the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "**FIL**") and on December 26, 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例), both of which came into effect on January 1, 2020 and simultaneously replaced the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) and the Regulations for the Implementation of the Wholly Foreign-owned Enterprises Law of the PRC (中華人民共和國外資企業法實施細則). The FIL sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. On December 30, 2019, the Ministry of Commerce of the PRC (中華人民共和國商務部) (the "**MOFCOM**") and State Administration for Market Regulation (國家市場監督管理總局) (the "**SAMR**") jointly promulgated the Measures for Reporting of Information on Foreign Investment (外商投資信息報告辦法), which came into effect on January 1, 2020 and pursuant to which, the establishment of the foreign invested enterprises, including establishment through purchasing the equities of a domestic non foreign-invested enterprise or subscribe to the increased capital of a domestic non-foreign funded enterprise, and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

The Provisions on Guiding Foreign Investment Direction (指導外商投資方向規定), which was promulgated by the State Council on February 11, 2002 and became effective on April 1, 2002, categorizes all foreign-invested projects into encouraged, permitted, restricted and prohibited projects. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020 Version) (外商投資准入特別管理措施(負面清單)(2020年版)) (the "**Negative List**"), which was promulgated by 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) (the "**NDRC**") and the MOFCOM on June 23, 2020 and became effective on July 23, 2020, and the Catalogue of Industries for Encouraging Foreign Investment (2019 Version) (鼓勵外商投資產業目錄(2019年版)) (the "**Encouraging Catalogue**"), which were promulgated by the NDRC and the MOFCOM on June 30, 2019 and became effective on July 30, 2019, list the categories of encouraged, restricted, and prohibited foreign-invested projects. Those not listed are permitted foreign-invested projects. According to the Negative List and the Encouraging Catalogue, the property management service does not fall into the encouraged, restricted or prohibited categories, so it shall be classified as belonging to the permitted foreign-invested projects.

REGULATIONS ON PROPERTY MANAGEMENT SERVICES AND OTHER RELATED SERVICES

On May 28, 2020, the NPC approved the Civil Code of the People's Republic of China (中華人民共和國民法典) (the "**Civil Code**"), which will come into effect on January 1, 2021 and replace the Property Law of the PRC (中華人民共和國物權法), the Contract Law of the PRC (中華人民共和國合同法) and several other basic civil laws in the PRC. The Civil Code, which basically follows the current regulatory principles of property management industry, will form the legal foundation for the property management services in the PRC in the future. Prior to the effectiveness of the Civil Code, the Provisions on Property Management (物業管理條例) and the Property Law of the PRC (中華人民共和國物權法) have laid down the basic legal framework for the property management industry in China.

Regulations on the Qualification of Property Management Companies

According to the Regulations on Property Management (物業管理條例), which was promulgated by the State Council on June 8, 2003, came into effect on September 1, 2003, and was amended on August 26, 2007, February 6, 2016 and March 19, 2018, a system of joint incentive for honesty and joint punishment for dishonesty shall be improved in the supervision of property management enterprises by the State Council's construction administration department together with other relevant departments, to strengthen the credit management of the industry.

According to the Measures for the Administration on Qualifications of Property Management Enterprises (物業管理企業資質管理辦法), which was promulgated by the Ministry of Construction (repealed and replaced by the Ministry of Housing and Urban-Rural Development of the PRC (the "**MOHURD**") on March 17, 2004, came into effect on May 1, 2004, was amended on November 26, 2007 and May 4, 2015, and was abolished on March 8, 2018, a system of qualification administration was once adopted and the qualifications of a property management enterprise were classified into first, second and third grades.

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

According to Decision of the State Council on Cancelling 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), which was promulgated by the State Council on January 12, 2017, the examination and approval of second grade or lower qualifications of property management enterprises were cancelled. According to the Decision of the State Council on Cancelling a Group of Administrative Licensing Items (國務院關於取消一批行政許可事項的決定), which was promulgated by the State Council on September 22, 2017, the examination and approval of first grade qualification of property management enterprises was cancelled.

According to the Notice of the General Office of Ministry of Housing and Urban-Rural Development on Effectively Implementing the Work of Cancelling 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), which was promulgated by the General Office of the MOHURD on December 15, 2017, application, change, renewal or re-application of the qualifications of property management enterprises shall not be accepted, and the qualifications obtained already shall not be a requirement for property management enterprises to undertake new property management projects. The real estate administration department at and above the county level shall instruct and supervise the property management work, and the integrity management system of the property management industry will be established, the supervision of property management enterprises will be based on credit appraisal.

Regulations on Appointing the Property Management Enterprise

According to the Property Law of the PRC (中華人民共和國物權法), which was promulgated by the NPC on March 16, 2007 and came into effect on October 1, 2007, and the Civil Code, property owners can either manage the buildings and the affixtures by themselves or entrust a property management company or other managers. Property owners are entitled to replace the property management company or other managers employed by the developer. Property management companies or other managers should manage the buildings and the affixtures within the building zone in accordance with the commission of the owners, subject to supervision by the owners.

According to the Regulations on Property Management (物業管理條例), the selecting, employing and dismissing of property management enterprise shall be subject to the approval by owners who possess exclusive areas accounting for more than half of the total construction area of buildings and owners who account for more than half of the total number of owners. Before the engagement of a property management company by property owners or the property owners' general meeting, a written preliminary service contract should be entered into between the construction institutions (for example, a property developer) and the selected and engaged property management company. A sales contract concluded by the construction entity and the realty buyer shall include the contents stipulated in the preliminary service contract. The preliminary service contract will be terminated upon the coming into effect of a property management contract entered into between the property owners' committee and the property management company. According to the Civil Code, the preliminary service contract entered into by and between the construction entity and the property management company pursuant to the law as well as the property service contract entered into by and between the property owners' committee and the property service provider selected by the property owners' general meeting pursuant to the law shall be legally binding on the property owners.

According to Interim Measures for Bid-Inviting and Bidding Management of Preliminary Property Management (前期物業管理招標投標管理暫行辦法), which was promulgated by the MOHURD on June 26, 2003 and came into effect on September 1, 2003, preliminary property management services shall be implemented by the property management enterprise employed by the construction entity before the property owners or the property owners' general meeting select a property management enterprise at its own discretion. The construction entity of residential buildings and non-residential buildings located in the same property management areas shall engage the property management enterprises of corresponding qualification through bid-invitation and bidding. In cases where there are no more than three bidders or the residence scale is relatively small, the construction entity may appoint the property management enterprise with the corresponding qualifications through agreement upon approval by the administrative department of real estate of the people's government of the place where the realty is located. For projects of newly built and currently marketable commodity apartments, the bid-invitation and the bidding shall be completed 30 days before they are put on sale. For projects of presale commodity apartments, the bid-invitation and bidding shall be completed before the acquisition of License for Presale of Commodity Apartments. For projects of newly built real estates that are not for sale, the bid-invitation and bidding shall be completed 90 days before they are delivered for use.

Regulations on the Fees Charged by Property Management Enterprise

According to Administrative Measures for Property Service Charges (物業服務收費管理辦法), which was jointly promulgated by the NDRC and the MOHURD on November 13, 2003 and came into effect on January 1, 2004, property management enterprises are permitted to charge property service fees from property owners for repairing, maintaining and managing houses as well as their accompanying facilities and equipment and relevant sites, and ensuring the sanitation and order of relevant areas according to relevant property management contracts.

Property service charges shall be reasonable, transparent, and suitable for the level of services offered, and shall take into account the unique nature and characteristics of different property and be priced under the government's guidance and market regulation respectively. In what way the charges are priced shall be determined by competent price departments under the people's governments of all provinces, autonomous regions and municipalities directly under the Central Government, in concert with the competent departments of real estate.

As agreed between the property owners and property management enterprise, the fees for property management services can be charged either as a lump sum of all property management fees collected, in which case property owners pay fixed property management fees to property management enterprise who shall enjoy or assume all the profits or losses as its own risk, or a fixed percentage of property management fees collected, in which case property management enterprise may collect its service fees 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 shortage. Property management enterprises shall, pursuant to the applicable rules of the competent price departments under governments, clearly mark the prices of property services, and publish in a prominent position in areas under their management information about services, criteria of services, charging items, charging criteria, etc.

According to the Regulation on Property Management Service Fee with Clear Price Tag (物業服務收費明碼標價規定), which was jointly promulgated by the NDRC and the MOHURD on July 19, 2004 and came into effect on October 1, 2004, property management enterprises, during their provision of services to the property owners (including the property service as stipulated in the property management contract as well as other services requested by property owners), shall charge service fees at expressly marked prices, and display their service items, standards and other related contents. In case there's any change to the pricing standard, the property management enterprise shall adjust the related contents displayed and indicate the execution date of new standards one month prior to the implementation of the new standards.

According to the Measures on Supervision over Pricing of Property Management Services (Trial) (物業服務定價成本監審辦法(試行)), which was jointly promulgated by the NDRC and the MOHURD on September 10, 2007 and came into effect on October 1, 2007, the pricing cost of property management services should be the average cost of community property services as verified by the competent price administration department of the people's government. The competent price administration department of the government is responsible for the supervision over and investigation of the pricing of property management services with assistance from the competent property administration department. The pricing cost of property services should fairly represent the composition of staff costs, the daily operation and maintenance costs of the common area and facilities of the property, gardening maintenance costs, sanitation and hygiene costs, security maintenance costs, insurance costs for the common areas and facilities (including liability insurance), office expenses, management costs apportionment, depreciation of fixed assets and other costs agreed to by the property owners. The assessment of the pricing cost of property services should base on the annual financial and accounting reports audited by the certified public accounting firm, source document, account book or the authentic, and complete and valid cost materials provided by the property management enterprise.

According to the Circular of NDRC on the Opinions for Decontrolling the Prices of Some Services (國家發展改革委關於放開部分服務價格意見的通知), which was promulgated by the NDRC and came into effect on December 17, 2014, the competent price departments of all provinces, autonomous regions and municipalities shall perform relevant procedures to liberalize the prices of the following types of services that have met the conditions for competition: (1) property services of non-government-supported houses, including fees charged by a property management enterprise from property owners for the maintenance, conservation and management of non-government supported houses, the supporting facilities and equipment, and the relevant sites thereof, activities of maintaining the environment, sanitation, and relevant order inside the property management regions, and other actions completed in accordance with the agreement of the property service contract, upon commission of the property owners. The provincial price authorities shall, jointly with the housing and urban-rural development administrative authorities, decide to implement government guidance prices for charges of property management for government-supported houses, houses under housing reform, old residence communities and preliminary property management service in light of the actual situation. In decontrolling the charges of property services for government-supported houses and implementing market-regulated prices, the affordability of the supported subjects shall be considered and a subsidy mechanism shall be established; (2) parking services in residential communities. Fees charged by property management companies or parking service companies from property owners or residents of residential areas for the management of parking spaces and parking facilities.

On December 15, 2015, the NDRC, the MOHURD, and the Ministry of Transport of the PRC jointly issued the Guiding Opinions on Further Improving the Policies for Motor Vehicle Parking Service Charge (關於進一步完善機動車停放服務收費政策的指導意見), aiming to perfect a parking service charge mechanism with the price mainly determined by the market, promote a more systemized and scientific government pricing administrative system, regulate the parking service charge and perfect the supporting supervision measures.

Judicial Interpretation

According to Interpretation of the Supreme People's Court on Several Issues concerning the Specific Application of Law in Hearing Cases of Property Service Disputes (最高人民法院關於審理物業服務糾紛案件具體應用法律若干問題的解釋), which was promulgated by Supreme People's Court on May 15, 2009 and came into effect on October 1, 2009, the preliminary property service contract legally entered into by a construction entity and a property management enterprise and the property service contract entered into by the property owners' committee and the property management enterprise lawfully elected by the property owners' committee shall be binding on the owners. Where any owner pleads against such contract as he/she is not the contract party thereto, it shall not be supported by the people's court.

Furthermore, the court shall support if property owners' committee or property owners appealed for the court to confirm the clauses of property service contracts which exempt the responsibility of property management enterprise, and aggravate the responsibility or exempt the rights of property owners' committee or property owners are invalid.

The court shall support when property owner raises a plea on the ground of illicit charges because the property service provider, in breach of the property service contract or in violation of laws, regulations or departmental rules, extends the scope of charging, raises the charging rate, or makes repeated charging on its own accord.

REGULATIONS ON CONSTRUCTION

Regulations on Qualification Certificate of the Construction Enterprise

Pursuant to the Provisions on the Administration of Qualifications of Construction Enterprises (建築業企業資質管理規定) promulgated by the MOHURD on January 22, 2015, revised on December 22, 2018, the enterprises engaging in construction, extended construction, reconstruction and other construction activities of civil engineering projects, construction projects, installation projects of circuits and pipelines are required to obtain a qualification certificate of construction enterprise from the construction administration department and the enterprise with such qualification certificate shall only engage in construction activities within the scope of its qualification.

Regulations on Construction Safety

Pursuant to the Regulations on the Administration of Work Safety of Construction Projects (建設工程安全生產管理條例) promulgated by the State Council on November 24, 2003 and becoming effective on February 1, 2004, an enterprise responsible for the work safety of a construction project must comply with the provisions of the laws and regulations on work safety, guarantee the work safety of construction projects and assume the liabilities of the work safety of the construction projects.

Pursuant to the Provisions on the Administration of Construction Enterprises' Work Safety Permits (建築施工企業安全生產許可證管理規定) promulgated by the Ministry of Construction (repealed and replaced by the MOHURD) on July 5, 2004 and revised on January 22, 2015, a construction enterprise shall obtain the work safety license from the competent construction administration department at or above the provincial level before undertaking any construction activity. Any construction enterprise which fails to obtain a work safety license shall not undertake construction activities.

Regulations on Bids

Pursuant to the Construction Law of the PRC (中華人民共和國建築法) promulgated by the SCNPC on November 1, 1997 and revised on April 22, 2011 and April 23, 2019, the Invitation to tender and bidding of the tender of contract issuance and contracting of a construction project shall follow the principle of openness, fairness and equal competition and the contracting unit shall be selected on merit. Pursuant to the Tender and Bidding Law of the PRC (中華人民共和國招標投標法) promulgated by the SCNPC on August 30, 1999 and revised on December 27, 2017, tender is required for the survey, design, construction and consultancy of projects as well as the purchase of key equipment and materials for such projects in China, including the projects involving large-scale infrastructure and public utility relating to public interest and safety, projects entirely or partially financed by state-owned funds or loans by the State and projects financed by loans and financial aid from international organization or foreign governments.

REGULATIONS ON COMPULSORY PRODUCT CERTIFICATION

Pursuant to the Administrative Regulations on Compulsory Product Certification (強制性產品認證管理規定), which was promulgated on July 3, 2009 and became effective on September 1, 2009, in order to protect national security, prevent fraud, protect the health or safety of human beings, safeguard the life or health of animals and plants, and protect environment, products specified by the state may not be delivered, sold, imported or used in other business activities unless they are certified (hereinafter referred to as compulsory product certification), and labeled with certification mark.

For products that are subject to compulsory product certification, the State implements unified product catalogs (hereinafter referred to as catalogs), unified compulsory requirements, standards and compliance assessment procedures in technical specification, unified certification marks and unified charging standards. The catalogs are prepared and adjusted by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (the "**AQSIQ**", replaced by the SAMR) and the Certification and Accreditation Administration of the PRC (the "**CNCA**") in conjunction with relevant departments under the State Council, and issued jointly by AQSIQ and CNCA and implemented by them in conjunction with other related authorities.

REGULATIONS ON ENERGY OPERATION SERVICES

Regulations on Qualifications of Heat Services Provider

Pursuant to the Provisions on the Municipal Gas and Central Heat Providing Enterprises Qualifications Management (城市燃氣和集中供熱企業資質管理規定), which became effective from July 1, 1996, the qualifications of municipal gas and heat providers were examined and approved by authorities at various levels. However, such regulations were abolished in 2004 and at the present the regulations with respect to such qualifications required by the heat services providers vary in different regions in China. As for our operating areas like Beijing, pursuant to the Notice of Beijing Municipal Commission of Urban Management on the Implementation of the Filing Registration System to the Heat Services Providers (北京市市政市容管理委員會關於對全市供熱單位實行備案登記制度的通知) promulgated and effective on May 5, 2020, the heat services providers are required to complete the filing registration procedures.

Regulations on Pricing of Heat Supply

Pursuant to the provisions of the Interim Measures of the Price Control of Municipal Heat Supply (城市供熱價格管理暫行辦法) promulgated on June 3, 2007 and becoming effective on October 1, 2007, price of heat supply shall be government-guided or government-determined prices in principal and shall be formulated by the competent price department under provincial (district, municipal) government or authorized municipal or county government. As for the regions meeting the criteria, the price of heat supply may be determined by and between the heat services providers and the users. The regulations on the pricing of heat supply vary in different regions in China. As for Beijing, where one of our operating areas, according to the Notice by the Beijing Municipal Development and Reform Commission on the Issuance of the "Beijing Pricing Catalog" (北京市發展和改革委員會關於印發《北京市定價目錄》的通知), which took effective from April 1, 2018, the price of heat supplied by the city central heating pipe network and regional boiler shall be determined by the municipal price authority, and the price of heat supplied by new heating methods such as geothermal, heat pump, coal-water slurry, etc. is determined by the district government.

REGULATIONS ON M&A RULES

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, State-owned Assets Supervision and Administration Commission of the State Council, State Administration of Taxation (the "**SAT**"), the SAMR, China Securities Regulatory Commission (the "**CSRC**") and State Administration of Foreign Exchange (the "**SAFE**"), issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "**M&A Rules**"), which took into effect on September 8, 2006 and was amended by the MOFCOM on June 22, 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets. The M&A Rules purport, among other things, to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of CSRC prior to publicly listing their securities on an overseas stock exchange.

REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL

Regulations on Foreign Currency Exchange

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (中華人民共和國外匯管理條例) promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and last amended on August 5, 2008, Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments, but are not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "**Circular 19**"), which took into effect on June 1, 2015. SAFE further promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (the "**Circular 16**") on June 9, 2016, which, among other things, amend certain provisions of the Circular 19. According to the Circular 19 and the Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of the Circular 19 or Circular 16 could result in administrative penalties.

On January 18, 2017, the SAFE promulgated the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (關於進一步推進外匯管理改革完善真實合規性審核的通知) (the "**Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to the Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

On July 4, 2014, the SAFE promulgated the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "**Circular 37**") for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. Under Circular 37, (1) before the PRC residents or entities conducting investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments; and (2) following the initial registration, they must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term, increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions).

SAFE further promulgated Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**Circular 13**") on February 13, 2015, which came into effect on June 1, 2015 and allows PRC residents or entities to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

Failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or Affiliate, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who control the company from time to time are required to register with the SAFE in connection with their investments in the company. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

REGULATION ON INTELLECTUAL PROPERTY

Trademarks

Trademarks are protected by the PRC Trademark Law (中華人民共和國商標法) promulgated by the SCNPC on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001 and August 30, 2013 as well as the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Office of State Intellectual Property Office (國家知識產權局商標局) (the "**Trademark Office**") handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. Trademark registrant may license its registered trademark to another party by entering into a trademark license agreement. Trademark license agreements must be filed with the Trademark Office to be recorded, while the non-filing of the licensing of a trademark shall not be contested against a good faith third-party. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. Trademark license agreements must be filed with the Trademark Office for record.

The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Domain Names for the Chinese Internet (中國互聯網絡域名管理辦法) promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on November 5, 2004 and took into effect on December 20, 2004, which was superseded by the Measures on Administration of Internet Domain Names (互聯網域名管理辦法) promulgated by MIIT on August 24, 2017 and took into effect on November 1, 2017, and the Implementing Rules on Registration of Domain Names (中國互聯網絡信息中心域名註冊實施細則) promulgated by China Internet Network Information Center and took into effect on May 29, 2012. Domain name owners are required to register their domain names and the MIIT is in charge of the administration of PRC Internet domain names. The domain name services follow a "first come, first file" principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

Patents

According to the Patent Law of the PRC (Revision 2008) (中華人民共和國專利法(2008年修訂)) promulgated by the SCNPC on December 27, 2008 and took into effect on October 1, 2009, and its Implementation Rules (Revision 2010) (中華人民共和國專利法實施細則(2010年修訂)) promulgated by the State Council on January 9, 2010 and took into effect on February 1, 2010, the State Intellectual Property Office of the PRC is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, "invention", "utility model" and "design". Invention patents are valid for twenty years, while design patents and utility model patents are valid for ten years, from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Copyright

Pursuant to the Copyright Law of the PRC (中華人民共和國著作權法) promulgated by the SCNPC on September 7, 1990, implemented on June 1, 1991 and amended on October 27, 2001 and February 26, 2010 (the latest revision became effective on April 1, 2010) and the Implementing Regulations of the Copyright Law of the PRC (中華人民共和國著作權法實施條例) promulgated by the State Council on August 2, 2002, amended on January 8, 2011 and January 30, 2013 (the latest revision became effective on March 1, 2013), the PRC nationals, legal persons, and other organizations shall, enjoy copyright in their works, whether published or not, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The copyright owner enjoys various kinds of rights, including right of publication, right of authorship and right of reproduction.

Any work of a foreigner or stateless person which acquires copyright under an agreement concluded between the PRC and the country to which the author belongs or in which the author permanently resides, or under an international treaty to which both countries are parties, shall be protected by this Law. Any work of a foreigner or stateless person published for the first time and within the territory of the PRC shall acquire copyright in accordance with the relevant rules.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**EIT Law**"), which was promulgated by the NPC on March 16, 2007 and became effective on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, and the Enterprise Income Tax Implementation Regulations of the PRC (中華人民共和國企業所得稅法實施條例) (the "**EITIR**"), which was promulgated by the State Council on December 6, 2007, became effective on January 1, 2008 and was amended on April 23, 2019, the enterprise income tax of both domestic and foreign-invested enterprises is unified at 25%. According to the Enterprise Income Tax of the PRC, enterprises are classified as "resident enterprises" and "non-resident enterprises". Pursuant to the EIT Law and EITIR, PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10% and enterprises established under the laws of foreign countries or regions whose "*de facto* management bodies" are located in the PRC are considered as resident enterprises, and will generally be subject to enterprise income tax at the rate of 25% of their global income. The EITIR defines "*de facto* management bodies" as "establishments that carry out substantial and overall management and control over production and operations, personnel, accounting, and properties" of the enterprise. If an enterprise is considered as a PRC tax resident enterprise under the above definition, then its global income will be subject to enterprise income tax at the rate of 25%.

Pursuant to the EIT Law, Enterprises qualified as "High and New Technology Enterprises" are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its "High and New Technology Enterprise" status. According to the Announcement of the State Administration of Taxation on Issuing the Revised Measures for Handling Enterprise Income Tax Preferences (企業所得稅優惠政策事項辦理辦法(2018修訂)), which was promulgated by the SAT and came into effect on April 25, 2018, enterprises enjoying enterprise income tax preferences shall adopt the handling methods of "making independent judgement, declaring for enjoyment and retaining the relevant materials for future reference". An enterprise shall, according to its operating condition and related tax provisions, independently determine whether it satisfies the conditions required for enterprise income tax preferences. Those who meet the conditions may independently calculate the tax deductions or exemptions according to the time listed in the Catalogue for the Administration of Enterprise Income Tax Preferences (Revision 2017) (企業所得稅優惠事項管理目錄(2017年版)), and enjoy tax incentives by filing enterprise income tax returns. Meanwhile, they shall, in accordance with the relevant provisions, collect and retain the relevant materials for future reference.

Dividends Withholding Tax

According to the EIT Law of the PRC, dividends paid by foreign-invested companies to their foreign investors that are non-resident enterprises as defined under the law are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the "**Double Tax Avoidance Arrangement**") promulgated on August 21, 2006, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement, the withholding tax rate on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%.

However, based on the Notice of the State Administration of Taxation on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (國家稅務總局關於執行稅收協議股息條款有關問題的通知) promulgated and took into effect on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

Based on the Notice of the State Administration of Taxation on the Recognition of Beneficial Owners in Tax Treaties (國家稅務總局關於認定稅收協定中「受益所有人」有關問題的公告), which was promulgated by SAT on February 3, 2018 and came into effect on April 1, 2018, a comprehensive analysis will be used to determine beneficial ownership based on the actual situation of a specific case combined with certain principles, and if an applicant was obliged to pay more than 50% of its income to a third country (region) resident within 12 months of the receipt of the income, or the business activities undertaken by an applicant did not constitute substantive business activities including substantive manufacturing, distribution, management and other activities, the applicant was unlikely to be recognized as an beneficial owner to enjoy tax treaty benefits.

Value-added Tax and Business Tax

According to Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例), which was promulgated by the State Council on December 13, 1993, came into effect on January 1, 1994, and was amended on November 5, 2008, February 6, 2016, November 19, 2017, and the Implementing Rules for the Interim Regulations of the People's Republic of China on Value-added Tax (中華人民共和國增值稅暫行條例實施細則) promulgated by Ministry of Finance (the "**MOF**") on December 15, 2008 and amended on October 28, 2011, organizations and individuals engaging in sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovable and importation of goods in the PRC shall be taxpayers of Value-added Tax (the "**VAT**"), all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, the sale of services, intangible assets or immovable properties and the importation of goods within the territory of the PRC must pay value-added tax.

Since January 1, 2012, the MOF and the SAT have implemented the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (營業稅改征增值稅試點方案), which imposes VAT in lieu of business tax for certain "modern service industries" in certain regions and eventually expanded to nation-wide application in 2013. 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征增值稅試點的通知) which was issued by the MOF and the State Administration of Taxation on March 23, 2016 and came into effect on May 1, 2016, the state started to fully implement the pilot change 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 and are subject to the VAT tax rate of 6%.

Enterprise Income Tax on Indirect Transfer of Non-Resident Enterprises

On December 10, 2009, the SAT issued the Notice on Strengthening the Administration of Enterprise Income Tax Concerning Proceeds from Equity Transfers by Non-Resident Enterprises (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (the "**Circular 698**"). By promulgating and implementing Circular 698, the PRC tax authorities have enhanced their scrutiny over the indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. The SAT further issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (國家稅務總局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) (the "**Circular 7**") on February 3, 2015, to supersede existing provisions in relation to the indirect transfer as set forth in Circular 698. Circular 7 introduces a new tax regime that is significantly different from that under Circular 698. Public Notice extends its tax jurisdiction to capture not only indirect transfer as set forth under Circular 698 but also transactions involving transfer of immovable property in China and assets held under the establishment and place, in China of a foreign company through the offshore transfer of a foreign intermediate holding company. Circular 7 also provides clearer criteria than Circular 698 on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to internal group restructurings. Where a non-resident enterprise indirectly transfers equity interests or other assets of a PRC resident enterprise by implementing arrangements that are not for reasonable commercial purposes to avoid its obligation to pay enterprise income tax, such an indirect transfer shall, in accordance with the EIT Law, be recognized by the competent PRC tax authorities as a direct transfer of equity interests or other assets by the PRC resident enterprise.

On October 17, 2017, the SAT promulgated the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告) (the "**SAT Circular 37**"), which came into force and replace Circular 698 and certain other regulations on December 1, 2017. SAT Circular 37 does, among other things, simplify procedures of withholding and payment of income tax levied on non-resident enterprises.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

The Labor Contract Law

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法) promulgated by the SCNPC on July 5, 1994, becoming effect on January 1, 1995 and amended on August 27, 2009 and on December 29, 2018, the Labor Contract Law of the PRC (中華人民共和國勞動合同法) promulgated by the SCNPC on June 29, 2007, becoming effect on January 1, 2008 and amended on December 28, 2012 and effective from July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law (中華人民共和國勞動合同法實施條例) promulgated by the State Council and came into effect on September 18, 2008, labor relationships between employers and employees must be executed in written form. Where a labor relationship has already been established but no formal contract has been made, a written labor contract shall be entered into within one month from the date when the employee begins to work. Wages may not be lower than the local minimum wage. Employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant training to its employees. Employees are also required to work in safe and sanitary conditions.

Labor Dispatch

According to Interim Provisions on Labor Dispatch (勞務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security of the PRC on January 24, 2014 and came into effect since March 1, 2014, employers may employ dispatched workers in temporary, auxiliary or substitutable positions only, and shall strictly control the number of dispatched workers which shall not exceed 10% of the total number of its employees.

Social Insurance and Housing Fund

Pursuant to the Interim Administrative Measures for Administration of Social Insurance Registration (社會保險登記管理暫行辦法) promulgated by the Ministry of Labor and Social Security of the PRC on March 19, 1999 and coming into effect on the same day, which further repealed on April 8, 2019, the enterprises obliged to provide their employees in the PRC with welfare schemes in accordance with the Interim Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) shall make social insurance registration and obtain the registration certificate.

According to Social Security Law of the PRC (中華人民共和國社會保險法), which was promulgated by the SCNPC on October 28, 2010 and came into effect on July 1, 2011, and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) came into effect on January 22, 1999, Regulations on Work Injury Insurance (工傷保險條例) implemented on January 1, 2004 and amended in December 20, 2010, Regulations on Unemployment Insurance (失業保險條例) promulgated on January 22, 1999 and Trial Measures on Employee Maternity Insurance of Enterprises (企業職工生育保險試行辦法) implemented on January 1, 1995, the employer shall contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work injury insurance and maternity insurance contributions shall be paid only by employers, and employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

According to Regulations on the Administration of Housing Fund (住房公積金管理條例), which was promulgated by the State Council and became effective on April 3, 1999, and was amended on March 24, 2002 and March 24, 2019, enterprises in the PRC must register with the competent managing center for housing funds and upon the examination by such center, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner. Employers that violate these regulations and fail to process housing fund payments or deposit registrations with the housing fund administration center within a designated period are subject to a fine ranging from RMB10,000 to RMB50,000.

Pursuant to the Reform Plan of the State Tax and Local Tax Collection Administration System (國稅地稅徵管體制改革方案), which was promulgated by the General Office of the Communist Party of China and the General Office of the State Council of the PRC on July 20, 2018, from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities. According to the Notice by the General Office of the State Administration of Taxation on Conducing the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知) promulgated on September 13, 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (人力資源和社會保障部關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. Notice of the State Administration of Taxation on Implementing Measures on Further Support and Serve the Development of Private Economy (國家稅務總局關於實施進一步支援和服務民營經濟發展若干措施的通知) promulgated on November 16, 2018 repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

Information Security and Privacy Protection

Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain the personal information of others when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally buy or sell, provide or make public the personal information of others.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋) (the "**Interpretations**"), effective from June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (中華人民共和國刑法), including "citizens' personal information", "provision of citizens' personal information" and "illegally obtaining any citizen's personal information by other methods". In addition, the Interpretations specify the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime.

OVERVIEW

In December 1999, Beijing Modern Property Management Co. Ltd. (北京當代物業管理有限責任公司 ("**Beijing Modern**"), one of the predecessors of First Property Management, was founded by Mr. Zhang Lei, a veteran in the real estate business who has been working in the relevant field since 1995 and started to provide property management service to Modern Land Group in Beijing since 2001. Under the leadership of Mr. Zhang Peng, our non-executive Director and chairman who joined our Group in 2007, First Property Management has experienced steady growth and become a reputable market player in the property management service industry in China. Founded in December 2014, First MOMA Human Environment Technology (Beijing) Co., Ltd., the predecessor of First Living, was incorporated by Mr. Zhang Lei.

On February 28, 2020, with a view to sharpening our competitive advantage as a provider of property management services and green living solutions covering full property life-cycle and to take full advantage of the synergy generated by the cooperation between First Property Management and First Living, as part of the Reorganization, First Property Management acquired 72.1% of the equity interests in First Living from First Assets and Mr. Zhang Lei. For more information, see "— Reorganization — 3. Onshore Reorganization — First Living — Delisting from the NEEQ and Acquisition by First Property Management" in this section.

OUR BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our business development milestones:

Year	Event
December 1999	Beijing Modern, one of the predecessors of First Property Management, was founded in Beijing.
June 2013	Our Linked Hybrid (當代MOMA) project was awarded the "Certificate of Green Building Label — Three Stars" (三星級綠色建築標識證書) by MOHURD.
December 2014	First MOMA Human Environment Technology (Beijing) Co., Ltd., the predecessor of First Living, was founded in Beijing.
June 2015	We were awarded "Leading Property Service Companies — Most Professional Green Property Management Company" (2015中國特色物業服務領先企業－中國最專業綠色物業管理) by the CIA.
September 2015	Our Linked Hybrid (當代MOMA) project was awarded the title of "Beijing Property Management Five Star Model Property Management Project" (北京市五星級物業管理示範項目) by, among others, Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會).

Year	Event
May 2016	First Property Management was listed on the NEEQ.
June 2016	We were ranked 51st in the "2016 Top 100 Property Management Companies in China" (2016中國物業服務百強企業) and were awarded the title of "China Leading Green Technology Property Management Listed Companies" (中國領先綠色科技物業上市企業) by the CIA.
October 2016	Our AIRDINO No. 1 was awarded the Leading Product Award of the China Elite Science Technology Awards (中國精瑞科學技術獎領先產品獎) by the Commission of Elite Science Technology Awards (中國精瑞科學技術獎勵委員會).
December 2016	First Living was certified as a "High and New Technology Enterprise" (高新技術企業) at national level by, among others, the Beijing Science Technology Commission (北京市科學技術委員會) for a term of three years.
March 2017	We obtained a Level One Qualification Certificate for Property Management Enterprise in the People's Republic of China (中華人民共和國物業服務企業一級資質證書) from MOHURD.
June 2017	We were ranked 46th in the "2017 Top 100 Property Management Companies in China" (2017中國物業服務百強企業) by the CIA.
July 2017	First Property Management obtained investment of RMB100,000,000 from investors, including Hangzhou Dinghui.
September 2017	Our Linked Hybrid (當代MOMA) project was again awarded the "Certificate of Green Building Label — Three Stars" (三星級綠色建築標識證書) by MOHURD.
March 2018	First Living was listed on the NEEQ.
June 2018	We were ranked 40th in the "2018 Top 100 Property Management Companies in China" (2018中國物業服務百強企業) and awarded the "Top 100 Property Management Companies in terms of Service Quality" (2018中國物業服務百強服務質量領先企業) by the CIA. We also were awarded "Excellent Property Service Company on the NEEQ" (新三板優秀房地產服務商).

Year	Event
May 2019	Our AIRDINO No. 3 was released and awarded the ACTIVE HOUSE Technology Innovation Award (ACTIVE HOUSE 科技創新獎) by Active House International Alliance (Active House 國際聯盟). We were ranked 35th in the "2019 Top 100 Property Management Companies in China" (2019中國物業服務百強企業) by the CIA.

OUR GROUP STRUCTURE

Our Company

Our Company was incorporated in the Cayman Islands on January 20, 2020 as an exempted company with limited liability. As of the date of incorporation of our Company, our Company had an authorized share capital of US$50,000 divided into 50,000 Shares with par value of US$1 each. It serves as an investment holding company for our Group.

Our Subsidiaries

As of the Latest Practicable Date, in order to provide comprehensive property management services, green living solutions and value added services to our customers at different geographic locations and to reduce our operating risks, we had 72 subsidiaries in total. Details of our principal subsidiaries selected based on their financial contribution to our Group are set out as follows:

No.	Name of subsidiary and date of incorporation	Place of incorporation	Ownership as of the date of this prospectus	Principal activity	Shareholding changes during the Track Record Period and up to the Latest Practicable Date
1.	First Property Management [(1)] December 6, 1999	PRC	100%	Providing property management services	For more information, see "— Our Group Structure — History and Shareholding Changes of First Property Management — Listing on the NEEQ" and "— Reorganization — 3. Onshore Reorganization — First Property Management — Delisting from the NEEQ and Transfer of Equity Interests" in this section
2.	First Living [(2)] December 3, 2014	PRC	72.1%	Providing green living solutions	For more information, see "— Our Group Structure — History and Shareholding Changes of First Living" and "— Reorganization — 3. Onshore Reorganization — First Living — Delisting from the NEEQ and Acquisition by First Property Management" in this section

No.	Name of subsidiary and date of incorporation	Place of incorporation	Ownership as of the date of this prospectus	Principal activity	Shareholding changes during the Track Record Period and up to the Latest Practicable Date
3.	Shanxi First Property Services Co., Ltd. November 25, 2008	PRC	100%	Providing property management services	None
4.	Hunan First Property Services Co., Ltd. January 25, 2008	PRC	100%	Providing property management services	None
5.	Jiangxi First Property Services Co., Ltd. May 14, 2010	PRC	100%	Providing property management services	None

Notes:

(1) First Property Management is a wholly-owned subsidiary of our Company.

(2) First Living is owned as to 72.1% by First Property Management, 5.7% by New Momentum (Beijing) Construction Technology Co., Ltd., 3.8% by Mr. Zhang Lei, 3.8% by Mr. Zhang Peng, 3.5% by Mr. Jia Yan, 2.4% by Zhihui Hongye Investment (Beijing) Co., Ltd., 1.9% by Mr. Pan Fengwei, and 6.8% by 24 natural person shareholders. New Momentum (Beijing) Construction Technology Co., Ltd. (新動力(北京)建築科技有限公司) ("**New Momentum**") and Zhihui Hongye Investment (Beijing) Co., Ltd. (智慧鴻業投資(北京)有限公司) ("**Zhihui Hongye**") are indirectly wholly owned by Modern Land, a company listed on the Stock Exchange (stock code: 1107), which is ultimately owned as to 66.1% by Mr. Zhang Lei as of the Latest Practicable Date. Mr. Zhang Peng is our Controlling Shareholder and Director. Mr. Jia Yan is our Director and thus our connected person. Mr. Pan Fengwei is a member of our senior management and a director of First Living and thus our connected person. The 24 natural person shareholders are either Independent Third Parties or employees (who are not our connected persons) of First Living or Modern Land Group, and each of such natural person shareholders holds not more than 2% of the equity interests in First Living.

History and Shareholding Changes of First Property Management

Incorporation

On December 6, 1999, Mr. Zhang Lei founded Beijing Modern, one of the predecessors of First Property Management. Beijing Modern was primarily engaged in providing comprehensive property management services with a focus on being environmentally friendly and energy saving. At the time of establishment, Beijing Modern was owned as to 80% and 20% by Beijing Tianxing Xingye Trade Development Co., Ltd. (北京天行興業經貿發展有限公司) and Beijing Zhonglong Real Estate Exploration Consulting Co., Ltd. (北京中龍房地產開發諮詢有限公司), respectively. Both initial shareholders of Beijing Modern are investment holding companies ultimately owned by Mr. Zhang Lei and his daughter, Ms. Zhang Xinyu.

In June 2007, after seven rounds of equity transfers and one instance of capital increase, Beijing Modern was owned as to 80% and 20% by Modern Shengdi Asset Management (Beijing) Co. Ltd. (當代勝地資產運營(北京)有限公司) (an investment holding company ultimately owned by Mr. Zhang Lei and his daughter, Ms. Zhang Xinyu) and Mr. Zhang Peng, respectively. This shareholding arrangement remained unchanged up till the merger and name change of Beijing Modern.

Merger and Name Change of Beijing Modern to First Property Service (Beijing) Co., Ltd.

On January 15, 2009, Beijing Modern and another company, named First Property Management (Beijing) Co., Ltd. (第一物業管理(北京)有限公司), passed their respective shareholders resolutions approving a merger and to become one company. On January 31, 2009, the two companies signed a merger agreement, pursuant to which Beijing Modern was to continue its business and assume all the assets and liabilities of First Property Management (Beijing) Co., Ltd., while First Property Management (Beijing) Co., Ltd. was to cease its business and be deregistered. Beijing Modern then changed its name to First Property Service (Beijing) Co., Ltd. (第一物業服務(北京)有限公司).

Establishment of a Joint Stock Limited Company

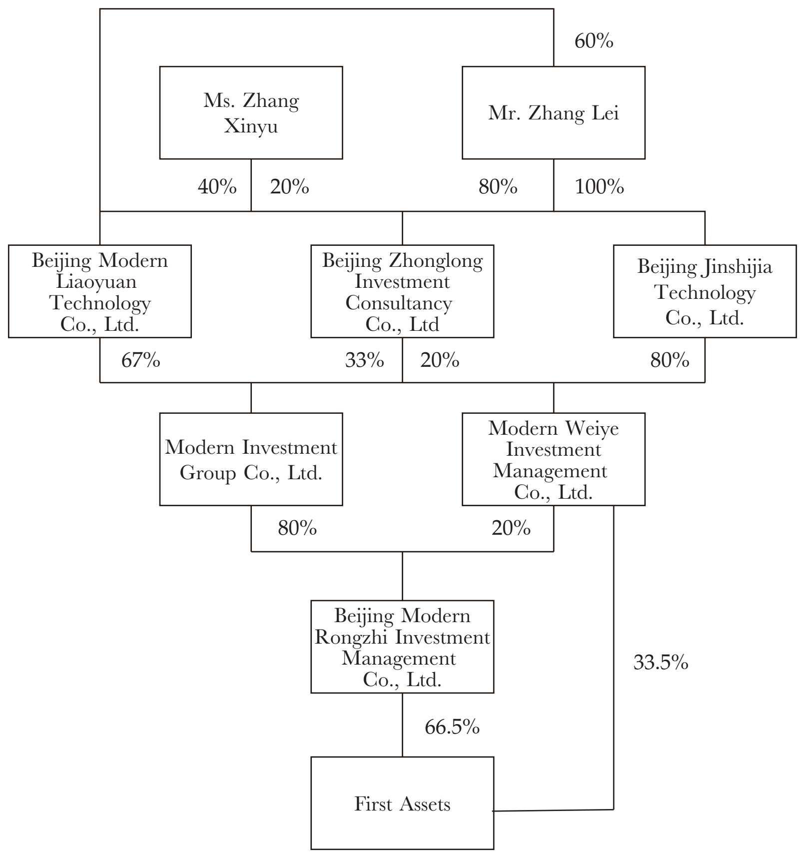
In contemplation of the listing on the NEEQ, First Property Management passed a shareholders' resolution approving, among other things, the conversion of First Property Management from a limited liability company into a joint stock limited company on December 31, 2015 and changed its name from First Property Service (Beijing) Co., Ltd. (第一物業服務(北京)有限公司) to First Property (Beijing) Joint Stock Limited Company (第一物業(北京)股份有限公司). After a series of equity transfers and a round of capital increase, the shareholding of First Property Management immediately after the conversion into a joint stock limited company was as follows:

Name of Shareholder	Percentage of equity interest	Total amount of share capital owned
	(%)	(RMB)
First Assets (1)	46.0	4,800,000
Mr. Zhang Peng (2)	26.0	2,713,000
Mr. Zhang Lei	6.0	626,100
11 other natural person shareholders (3)	22.0	2,295,600

Notes:

(1) First Assets is an investment holding company established by Mr. Zhang Lei on September 20, 2002 and held, among others, equity interest in First Property Management and First Living. First Assets is ultimately owned by Mr. Zhang Lei and his daughter, Ms. Zhang Xinyu. Ms. Zhang Xinyu has confirmed that, as part of the family wealth management arrangement, after the completion of the Reorganization, all of the equity interests of First Property Management that she owned prior to

the Reorganization through First Assets shall be owned by her father, Mr. Zhang Lei, in our Company. First Assets has been ultimately controlled by Mr. Zhang Lei since its incorporation. The following chart illustrates the shareholding of First Assets from October 2010 and up to the completion of the Reorganization:



(2) Mr. Zhang Peng is our Controlling Shareholder and Director.

(3) Among the 11 natural person shareholders, Mr. Liu Peiqing and Mr. Long Han are our Directors and thus our connected persons. Mr. Jia Ruiming is a director of our subsidiary, First Property Management, and thus our connected person. Mr. Li Yi and Mr. Lu Xiaotong were directors of our subsidiaries in the past 12 months and thus our connected persons. Ms. Wang Jingli, Mr. Zhang Shihong, Mr. Yin Junyan, Mr. Ni Qunliang, Mr. Li Ying and Mr. Qiao Tingfu are/were employees of companies controlled by Mr. Zhang Lei but are not our connected persons. Each of the 11 natural person shareholders held not more than 5% of the equity interests in First Property Management at the time.

Listing on the NEEQ

On May 18, 2016, First Property Management was listed on the NEEQ (stock code: 837498). On December 15, 2016, First Property Management issued 1,005,000 new shares to ten investors at the price of RMB12.00 per share. The issue price was determined after arm’s length negotiations with the investors, taking into account the prospects of the industry, the development trend, the potential growth, and other factors of First Property Management. Upon completion of such share issue, the share capital of First Property Management increased from RMB10,434,700 to RMB11,439,700.

On May 16, 2017, First Property Management passed a shareholders' resolution to issue 17.972762 bonus shares per ten shares held to its then existing shareholders, utilizing its capital reserves. Upon completion of such share issue, the share capital of First Property Management increased from RMB11,439,700 to RMB32,000,000.

On June 28, 2017, First Property Management issued 8,000,000 new shares to 32 investors, including six of its existing shareholders, 19 employees of First Property Management, one institutional investor and six securities companies with market making qualification, at the price of RMB12.50 per share. The issue price was determined after arm's length negotiations with the investors, taking into account the prospects of the industry, the development trend, the potential growth, net assets per share extracted from the audited financial statements, price/earnings ratio and other factors of First Property Management. Upon completion of such share issue, the share capital of First Property Management increased from RMB32,000,000 to RMB40,000,000.

On January 2, 2018, First Property Management issued 1,307,500 new shares to nine investors, including one of its existing shareholders, one employee of First Property Management, three individual investors and four institutional investors at the price of RMB20.00 per share. The issue price was determined after taking into account macroeconomic situation, the prospects of industry, the development trend, the potential growth, the audited net assets per share, the price/earnings ratio and other factors of First Property Management. Upon completion of such share issue, the share capital of First Property Management increased from RMB40,000,000 to RMB41,307,500.

On September 24, 2019, First Property Management issued 347,706 new shares to an institutional investor at the price of RMB28.76 per share. The proceeds amounting to RMB10,000,025 were used to supplement the working capital of First Property Management. The issue price was determined after arm's length negotiations with the investor, taking into account the prospects of the industry, the development trend, the potential growth, the price/earnings ratio, the price/book value ratio, the previous issue, the transactions in secondary market and other factors of First Property Management. Upon completion of such share issue, the share capital of First Property Management increased from RMB41,307,500 to RMB41,655,206.

Save as disclosed above and those share transfers conducted on the platform of the NEEQ between the shareholders, there were no other material changes in the share capital of First Property Management during the period when First Property Management was listed on the NEEQ. Mr. Zhang Lei and Mr. Zhang Peng, as the Controlling Shareholders, had held, personally and through First Assets, not less than 50% of the equity interests in First Property Management throughout the period when First Property Management was listed on the NEEQ. The institutional investors which subscribed for the shares of First Property Management while

First Property Management was listed on the NEEQ and held shares in First Property Management upon the delisting of First Property Management from the NEEQ are set out as follows:

Name of Institutional Investor	Date of Subscription
Hangzhou Dinghui [(1)]	July 5, 2017
Changjiang Securities [(2)]	July 5, 2017
CICC [(3)]	July 5, 2017
DFJ No. 1 [(4)]	January 15, 2018
DFJ No. 2 [(4)]	January 12, 2018
DFJ No. 3 [(4)]	January 15, 2018
New Dragon No. 1 [(5)]	January 15, 2018
Zhong Ka Investment Management [(6)]	September 26, 2019

Notes:

(1) Hangzhou Dinghui New Trend Equity Investment Partnership (Limited Partnership) (杭州鼎暉新趨勢股權投資合夥企業（有限合夥）) ("**Hangzhou Dinghui**") is a limited partnership established in the PRC, whose general partner is Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理（天津）有限公司) ("**Dinghui Investment**"). Dinghui Investment is owned as to 85.4% by Tianjin Taiding Investment Co., Ltd. (天津泰鼎投資有限公司) ("**Tianjin Taiding**") and as to 14.6% by China National Investment and Guaranty Corporation (中國投融資擔保股份有限公司), an Independent Third Party, primarily engaged in guarantee businesses and listed on NEEQ (stock code: 834777). Tianjin Taiding is indirectly owned as to 85% by CDH Griffin Holdings Company Limited ("**CDH Griffin**"). CDH Griffin is ultimately controlled by Mr. Wu Shangzhi and Mr. Jiao Shuge, both of whom are Independent Third Parties.

(2) Changjiang Securities Joint Stock Company (長江證券股份有限公司) ("**Changjiang Securities**") is a securities company listed on the Shenzhen Stock Exchange with the stock code 000783, and an Independent Third Party.

(3) China International Capital Corporation Limited (中國國際金融股份有限公司) ("**CICC**") is an investment bank listed on the Stock Exchange with the stock code 3908, and an Independent Third Party.

(4) Shenzhen DFJ No. 1 Industry Fund Partnership (Limited Partnership) (深圳德豐傑壹號產業基金合夥企業（有限合夥）) ("**DFJ No. 1**"), Shenzhen DFJ No. 2 Industry Fund Partnership (Limited Partnership) (深圳德豐傑貳號產業基金合夥企業（有限合夥）) ("**DFJ No. 2**") and Shenzhen DFJ No. 3 Industry Fund Partnership (Limited Partnership) (深圳德豐傑叁號產業基金合夥企業（有限合夥）) ("**DFJ No. 3**") are limited partnerships all established in the PRC. The general partner of DFJ No. 1 is Beijing New Dragon United Capital Management Co., Ltd. (北京新龍脈聯合資本管理有限公司) ("**New Dragon United**"). The general partner of DFJ No. 2 is Beijing New Dragon Era Investment Management Center (Limited Partnership) (北京新龍脈紀元投資管理中心（有限合夥）) ("**New Dragon Era**"). The general partner of DFJ No. 3 is Beijing New Dragon Excellent Investment Management Center (北京新龍脈卓越投資管理中心（有限合夥）) ("**New Dragon Excellent**"). New Dragon United, New Dragon Era and New Dragon Excellent are ultimately controlled by Mr. Qu Jingdong, Ms. Xiao Lei and Ms. Wang Yuqiao, all of whom are Independent Third Parties.

(5) Beijing New Dragon No. 1 Investment Fund Management Center (Limited Partnership) (北京新龍脈壹號投資基金管理中心（有限合夥）) ("**New Dragon No. 1**") is a limited partnership established in the PRC, whose general partner is New Dragon United. For details of New Dragon United, please see note 4 above.

(6) Ningbo Meishan Duty-bonded Port Zone Zhong Ka Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區眾咖投資管理合夥企業（有限合夥）) ("**Zhong Ka Investment Management**") is a limited partnership established in the PRC, whose general partner is Ningbo Meishan Duty-bonded Port Zone Da Ka Investment Management Co., Ltd. (寧波梅山保稅港區大咖聯盟投資管理有限公司) ("**Da Ka Investment**") which is owned as to 99% by Mr. Ren Zhenquan and as to 1% by Mr. Liu Hao, both of whom are Independent Third Parties.

History and Shareholding Changes of First Living

Incorporation

On December 3, 2014, Mr. Zhang Lei founded First MOMA Human Environment Technology (Beijing) Co., Ltd., the predecessor of First Living. First Living is primarily engaged in providing green living solutions.

Establishment of a Joint Stock Limited Company

For the purpose of further expansion and with a view to obtaining more funds for investment on product and technology research, and development, First Living endeavored to tap into capital markets by seeking a listing on the NEEQ. In contemplation of the listing on the NEEQ, First Living passed a shareholders' resolution approving, among other things, the conversion of First Living from a limited liability company into a joint stock limited company on May 3, 2017 and changed its name from First MOMA Human Environment Technology (Beijing) Co., Ltd. (第一摩碼人居環境科技(北京)有限公司) to First MOMA Human Environment Technology (Beijing) Joint Stock Limited Company (第一摩碼人居環境科技(北京)股份有限公司). After a series of equity transfers and rounds of capital increase, the shareholding of First Living immediately after the conversion into a joint stock limited company was as follows:

Name of shareholder	Percentage of equity interest after allotment	Total amount of share capital owned
	(%)	(RMB)
First Assets (1)	50.1	5,008,612
New Momentum (2)	7.6	759,428
Mr. Jia Yan (3)	6.3	626,959
Mr. Zhang Peng (3)	5.0	500,000
Mr. Zhang Lei	5.0	500,000
Zhihui Hongye (2)	3.2	320,141
Mr. Pan Fengwei (3)	3.1	313,480
Qilang Business Consulting (4)	3.0	300,059
Beijing Changtian (5)	0.7	68,574
37 other natural person shareholders (6)	16.0	1,602,747

Notes:

(1) For more information on First Assets, see "— Our Group Structure — History and Shareholding Changes of First Property Management — Establishment of a Joint Stock Limited Company" in this section.

(2) For more information on New Momentum and Zhihui Hongye, see note (2) in "— Our Group Structure — Our Subsidiaries" in this section.

(3) Mr. Zhang Peng is our Controlling Shareholder and Director. Mr. Jia Yan and Mr. Pan Fengwei are our Directors and/or directors of our subsidiaries and thus are our connected persons.

(4) Qilang Business Consulting (Shanghai) Co., Ltd. (奇浪商務諮詢(上海)有限公司) ("**Qilang Business Consulting**") is a wholly-owned subsidiary of Alpha General Limited, an Independent Third Party, and ceased to be a shareholder of First Living on December 31, 2019.

(5) Beijing Changtian Asset Management Co., Ltd. (北京長天資產管理有限公司) ("**Beijing Changtian**") is wholly-owned by Jingdong Digital Technology Holdings Limited (京東數字科技控股有限公司), an Independent Third Party, and ceased to be a shareholder of First Living since December 31, 2019.

(6) The 37 other natural person shareholders are either Independent Third Parties or employees of First Living, First Assets or Modern Land Group, each of whom holds not more than 3.3% of the equity interests in First Living at the time.

Listing on the NEEQ

On March 6, 2018, First Living was listed on the NEEQ (stock code: 872701). On July 26, 2018, First Living issued 2,897,752 new shares to ten investors at the price of RMB9.63 per share. The proceeds amounting to RMB27,905,369 were used to pay off construction contracts, pay salaries to employees and supplement the working capital of First Living to ensure the growth of First Living. The issue price was determined after taking into account the macroeconomic environment, the prospects of the industry, the development trend, the net asset and earnings per share of First Living. Upon completion of such share issue, the share capital of First Living increased from RMB10,386,016 to RMB13,283,768.

On October 31, 2018, First Living passed a shareholders' resolution to issue 16.347946 bonus shares per ten shares held to its then existing shareholders, utilizing its capital reserves. Upon completion of such share issue, the share capital of First Living increased from RMB13,283,768 to RMB35,000,000. Save as disclosed above and those share transfers conducted on the platform of the NEEQ between the shareholders, there were no other material changes in the share capital of First Living during the period when First Living was listed on NEEQ. Mr. Zhang Lei and Mr. Zhang Peng, as the Controlling Shareholders, had directly and indirectly held not less than 50% of the equity interests in First Living throughout the period when First Living was listed on the NEEQ.

Compliance Record of NEEQ and Reasons for Delisting

Our Directors confirm, to the best of their knowledge, during the period in which First Property Management and First Living was listed on the NEEQ:

(1) each of First Property Management and First Living had been operating in compliance in all material respects with all applicable rules of NEEQ;

(2) each of First Property Management and First Living had not been imposed any material administrative penalty by any relevant law enforcement authority; and

(3) there is no other matter relating to the prior listing of First Property Management and First Living on the NEEQ which should be brought to the attention of the Stock Exchange and our Shareholders.

The Sole Sponsor concurs that (a) each of First Property Management and First Living had been operating in compliance with all applicable rules of NEEQ in all material respects and had not been imposed any material administrative penalty by any relevant law enforcement authority; and (b) there is no other matter relating to the prior quotation on the NEEQ which should be brought to the attention of the Stock Exchange and our Company's shareholders.

Our Directors believe that the NEEQ delisting and the listing on the Stock Exchange will be in the interest of our Group and our Shareholders as a whole for the following reasons: (1) it is difficult for the NEEQ market to reflect the actual value of First Property Management and First Living due to its trading mechanism and low trading volume. The NEEQ is only open to qualified investors, which significantly limits our market exposure. In addition, the NEEQ adopts a market maker, negotiated transfer or investor competing transfer trading mechanism, instead of continuous auction mechanism, which makes the order execution more complex and could negatively affect the trading volume; (2) in contrast, the Stock Exchange, being one of the principal players in global financial markets, will allow our Group to have greater access to diverse and global investors, enhancing our fund-raising capabilities and channels; and (3) a listing on the Stock Exchange will further raise our business profile and worldwide presence and thus, facilitate attracting new customers, business partners and strategic investors as well as recruiting, motivating and retaining key management personnel for our Group's business.

The market capitalization of First Property Management and First Living immediately prior to delisting was RMB990.1 million and RMB80.5 million, respectively, calculated based on the closing prices of the shares of First Property Management and First Living on the NEEQ on the last trading day before delisting, being December 23, 2019 and December 26, 2019, respectively. Assuming an Offer Price of HK$2.16 per Offer Share (being the mid-point of the Offer Price range) and the Over-allotment Option is not exercised, the expected market capitalization of our Group immediately upon the Listing is approximately HK$2,160 million. The valuation of our Group increased since the delisting of First Property Management and First Living primarily due to (i) the rapid business growth and expansion of our Group; and (ii) the growing market potential of the PRC property management industry and the green living solutions market. Furthermore, we believe the actual value of our Group was not accurately reflected on the NEEQ due to its lack of liquidity, which was one of the reasons we decided to delist First Property Management and First Living from the NEEQ.

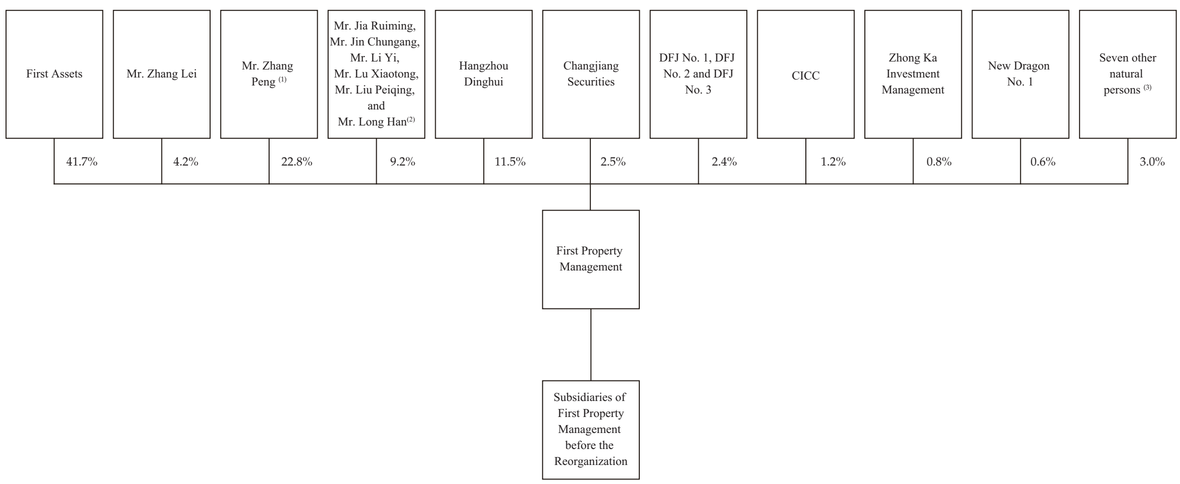
Merger of First Property Management and First Living

On February 28, 2020, with a view to sharpening our competitive advantage as a provider of property management services and green living solutions covering full property life-cycle and to take full advantage of the synergy generated by the cooperation between First Property Management and First Living, as part of the Reorganization, First Property Management acquired 72.1% of the equity interests in First Living from First Assets and Mr. Zhang Lei. For more information, see "— Reorganization — 3. Onshore Reorganization — First Living — Delisting from the NEEQ and Acquisition by First Property Management" in this section.

REORGANIZATION

The following charts illustrate our corporate and shareholding structure immediately after the delisting of First Property Management and First Living from the NEEQ and before the implementation of the Reorganization:

First Property Management



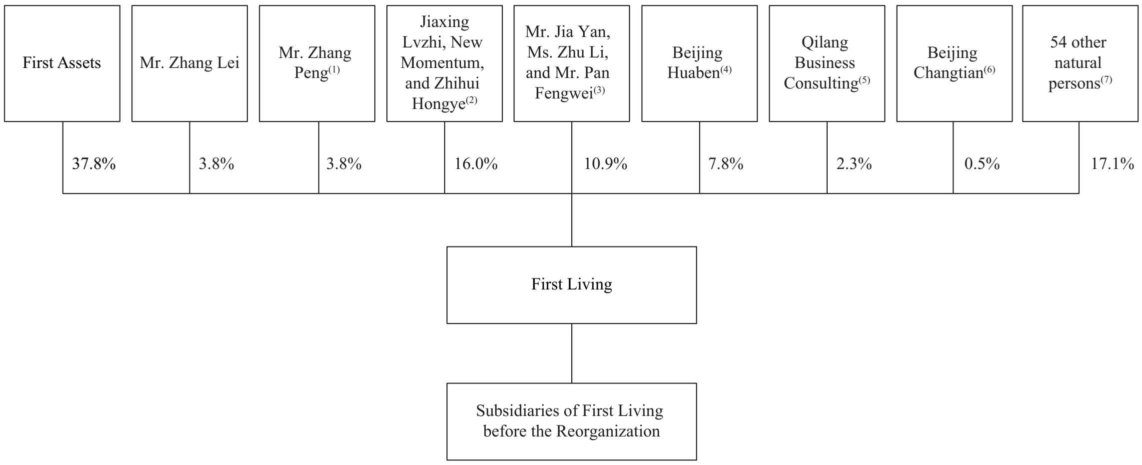
Notes:

(1) Mr. Zhang Peng is our Controlling Shareholder and Director.

(2) Mr. Jia Ruiming, Mr. Jin Chungang, Mr. Li Yi, Mr. Lu Xiaotong, Mr. Liu Peiqing and Mr. Long Han held approximately 1.4%, 0.1%, 2.8%, 2.1%, 1.4% and 1.4% of the interest in First Property Management, respectively. Mr. Jin Chungang, Mr. Liu Peiqing, and Mr. Long Han are our Directors and thus our connected persons. Mr. Jia Ruiming is a director of our subsidiary, First Property Management, and thus our connected person. Mr. Li Yi and Mr. Lu Xiaotong were directors of our subsidiaries in the past 12 months and thus our connected persons.

(3) The seven other natural persons are Ms. Wang Jingli, Mr. Zhang Shihong, Mr. Qiao Tingfu, and Mr. Zhao Liang (who are/were employees of companies controlled by Mr. Zhang Lei but not our connected persons), Mr. Li Qingchang (a member of our senior management and director of our subsidiaries), Ms. Niu Jiao (a member of our senior management), and Mr. Liu Zheng (an employee of our subsidiary but not our connected person), holding approximately 1.4%, 1.1%, 0.2%, 0.1%, 0.1%, 0.03% and 0.03% of the equity interests in First Property Management, respectively.

First Living



Notes:

(1) Mr. Zhang Peng is our Controlling Shareholder and Director.

(2) Jiaxing Lvzhi Equity Investment Fund Partnership (Limited Partnership) (嘉興綠智股權投資基金合夥企業(有限合夥)) ("**Jiaxing Lvzhi**"), New Momentum and Zhihui Hongye held 7.9%, 5.7%, and 2.4% of the equity interests in First Living, respectively. Jiaxing Lvzhi is ultimately controlled by Mr. Zhang Lei. For more information of on New Momentum and Zhihui Hongye, see note 2 at "— Our Group Structure — Our Subsidiaries" in this section.

(3) Mr. Jia Yan, Ms. Zhu Li, and Mr. Pan Fengwei held approximately 7.0%, 0.2% and 3.7% of the equity interests in First Living, respectively. Mr. Jia Yan and Ms. Zhu Li are our Directors, and thus our connected persons. Mr. Pan Fengwei is a senior management member of our Company and a director of First Living and thus our connected person.

(4) Beijing Huaben United Renda Investment Center (Limited Partnership) (北京華本聯合仁達投資中心(有限合夥)) ("**Beijing Huaben**") ceased to be a shareholder of First Living on December 31, 2019. Its general partner is Beijing Huaben United Investment Management Co., Ltd. (北京華本聯合投資管理有限公司), an Independent Third Party,

(5) Qilang Business Consulting which ceased to be a shareholder of First Living on December 31, 2019, is a wholly-owned subsidiary of Alpha General Limited, an Independent Third Party.

(6) Beijing Changtian is wholly-owned by Jingdong Digital Technology Holdings Limited (京東數字科技控股有限公司), an Independent Third Party, and ceased to be a shareholder of First Living on December 31, 2019.

(7) The 54 natural person shareholders are either Independent Third Parties or employees (who are not our connected persons) of First Living, First Assets or Modern Land Group, each of whom holds not more than 3.9% of the equity interests in First Living.

In anticipation of the Listing, we underwent the Reorganization pursuant to which our Company became the holding company and listing vehicle of our Group.

1. *Offshore Reorganization*

Establishment of our Company

Our Company was incorporated in the Cayman Islands on January 20, 2020, with an authorized share capital of US$50,000 divided into 50,000 Shares with par value of US$1.00 each.

Establishment of First Green Service

First Green Service was incorporated in the BVI on February 20, 2020, as a direct wholly-owned subsidiary of our Company, with an authorized share capital of US$50,000 divided into 50,000 shares with par value of US$1.00 each. On the same day, 100 shares of First Green Service were issued and allotted to our Company at par value.

Establishment of First Service Holding (Hong Kong)

First Service Holding (Hong Kong) was incorporated in Hong Kong on March 2, 2020 as a direct wholly-owned subsidiary of First Green Service, with a share capital of HK$10,000 divided into 10,000 shares. On the same day, 10,000 shares of First Service Holding (Hong Kong) were issued and allotted to First Green Service.

2. *Mirroring the Shareholding in First Property Management in our Company*

On January 20, 2020, one subscriber's Share was allotted and issued to an initial subscriber and was then transferred to Glorious Group on the same date.

On February 25, 2020, our Company allotted and issued 40.7326 and 8.5043 shares of par value US$1.00 each to Glorious Group and Cedar Group, respectively.

On April 10, 2020, our Company allotted and issued 2.5043 shares of par value US$1.00 each to Glorious Group.

On May 29, 2020, our Company allotted and issued 22.7703, 2.8006, 1.4015, 1.4015, 0.2102, 11.5232, 3.0008, 2.0773, 1.2387, and 0.8347 shares of par value US$1.00 each to Hao Fung, Aspire Global, Long Han Management, Liu Pei Qing Management, TZT Consulting, Shanghai CDH Yaojia, Shanghai ODI, Xiao Tong Group, CICC Global and Shanghai Chuyuan, respectively. For more information of our Shareholders, see "— Corporate and Shareholding Structure" in this section.

3. Onshore Reorganization

First Property Management — Delisting from the NEEQ and Transfer of Equity Interests

On November 20, 2019, First Property Management passed a shareholders' resolution approving, among other things, the delisting of First Property Management from the NEEQ. On December 24, 2019, First Property Management was delisted from the NEEQ, and on December 25, 2019, First Property Management was converted from a joint stock company to a limited liability company.

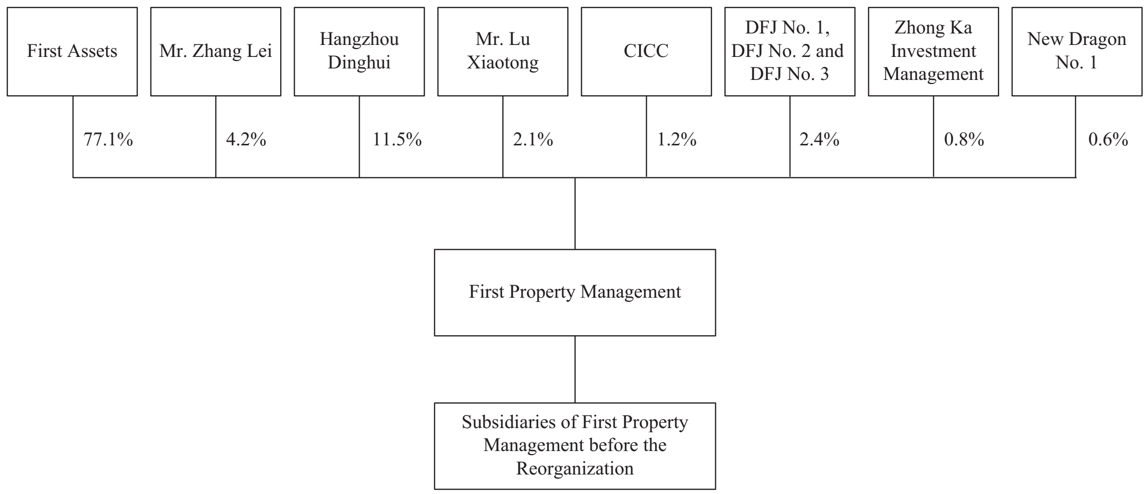
The transfers of equity interests in First Property Management after the delisting are as follows:

On December 24, 2019, Mr. Zhang Peng, Mr. Li Yi, Ms. Wang Jingli, Mr. Long Han, Mr. Jia Ruiming, Mr. Liu Peiqing, Mr. Zhang Shihong, Mr. Li Qingchang, Mr. Jin Chungang, Mr. Zhao Liang, Ms. Niu Jiao, and Mr. Liu Zheng transferred 22.8%, 2.8%, 1.4%, 1.4%, 1.4%, 1.4%, 1.1%, 0.1%, 0.1%, 0.1%, 0.03%, and 0.03% equity interests in First Property Management to First Assets, respectively, at a consideration of RMB13,920,000 in aggregate. The consideration was determined after arm's length negotiations between the parties and was fully settled on December 28, 2019.

On January 17, 2020, Mr. Qiao Tingfu transferred 0.2% of the equity interests in First Property Management to First Assets, at a consideration of RMB87,600, which was determined based on the then registered capital of First Property Management and was fully settled on January 19, 2020.

On April 8, 2020, Changjiang Securities transferred 2.5% of the equity interests in First Property Management to First Assets, at a consideration of RMB15.0 million, which was determined after arm's length negotiations between the parties and was fully settled on April 30, 2020.

The following chart illustrates the corporate and shareholding structure of First Property Management immediately after the equity transfers mentioned above:

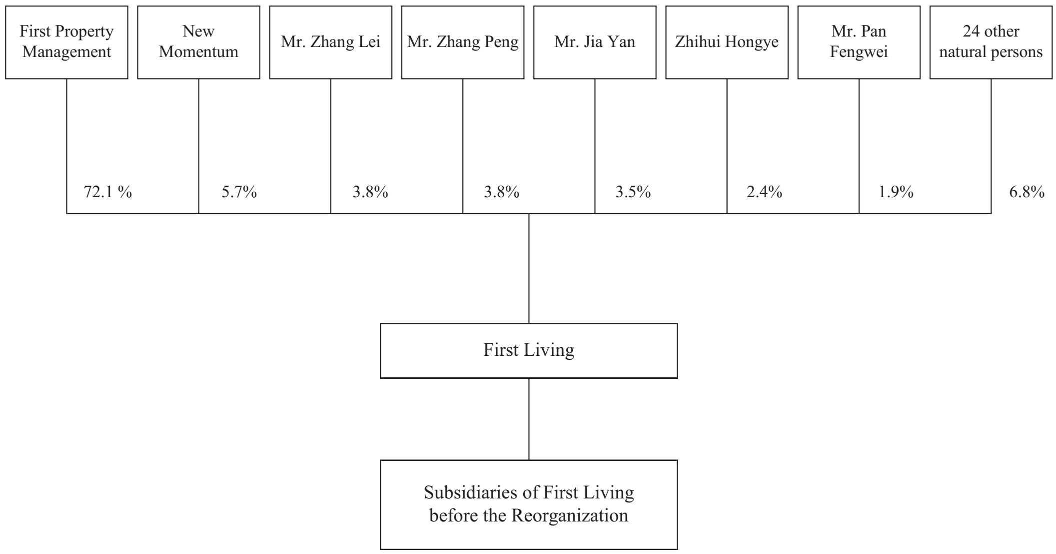


First Living — Delisting from the NEEQ and Acquisition by First Property Management

On November 15, 2019, in contemplation of the alliance between First Living and First Property Management, First Living passed a shareholders' resolution approving, among other things, the delisting of First Living from the NEEQ. On December 27, 2019, First Living was delisted from the NEEQ, and on January 15, 2020, First Living was converted from a joint stock company to a limited liability company.

After the delisting of First Living, First Assets and Mr. Zhang Lei, directly and indirectly, acquired a total of 34.3% of the beneficial interest in First Living from the then existing shareholders at a consideration of RMB37,484,000 in aggregate. The consideration was determined after arm's length negotiations between the parties, and was fully settled on May 12, 2020. As a result, Mr. Zhang Lei and companies controlled by him owned a total of 84.0% of the beneficial interest in First Living. On February 28, 2020, First Assets and Mr. Zhang Lei transferred 72.1% of the beneficial interests in First Living to First Property Management at a consideration of RMB180,291,500, among which RMB6,300,000 was settled on March 23, 2020, RMB75,000,000 was settled on April 14, 2020, and the remaining RMB98,991,500 was fully settled on May 9, 2020. The consideration was determined after arm's length negotiations between the parties, taking into account the undistributed accumulated profits and other interests. Upon completion of the transfer, the 3.8% equity interests retained by Mr. Zhang Lei in First Living may be used for a potential employee share incentive scheme. As of the Latest Practicable Date, no concrete plan for such share incentive scheme had been initiated.

The following chart illustrates the corporate and shareholding structure of First Living immediately after the equity transfer and the acquisition:



Note:

See note (2) on page 146.

Acquisition of First Property Management by First Service Holding (Hong Kong)

On April 8, 2020, First Assets and Mr. Zhang Lei transferred 64.6% and 4.2% of the equity interests in First Property Management to First Service Holding (Hong Kong) at a consideration of RMB71,203,772 in aggregate, which was fully settled on September 3, 2020. The consideration was determined after arm's length negotiations between the parties and based on independent valuation.

From May 21, 2020 to May 29, 2020, Mr. Lu Xiaotong, Hangzhou Dinghui, CICC, DFJ No. 1, DFJ No. 2, DFJ No. 3, New Dragon No. 1 and Zhong Ka Investment, transferred 18.7% of the equity interests in First Property Management to First Assets at a consideration of RMB104,327,734 in aggregate, which was fully settled on June 8, 2020. The consideration was determined after arm's length negotiations between the parties.

On May 29, 2020, First Assets transferred 31.2% of the equity interests in First Property Management to First Service Holding (Hong Kong) at a consideration of RMB32,258,653 in aggregate, which was fully settled on August 5, 2020. The consideration was determined after arm's length negotiations between the parties and based on independent valuation.

PRE-IPO INVESTMENTS

During the time when First Property Management was listed on NEEQ, it underwent multiple rounds of capital increase and issued shares to, among others, Hangzhou Dinghui, CICC, DFJ No. 1, DFJ No. 2, DFJ No. 3, New Dragon No. 1 and Zhong Ka Investment Management (the "**Pre-IPO Investments**"). For more information on such capital increase and backgrounds of these investors, see "— Our Group Structure — History and Shareholding Changes of First Property Management — Listing on the NEEQ" in this section.

As part of the Reorganization, our Company allotted and issued Shares to each of (i) Shanghai CDH Yaojia, an affiliate of Hangzhou Dinghui, (ii) CICC Global, an offshore affiliate of CICC, (iii) Shanghai ODI, an affiliate of DFJ No. 1, DFJ No. 2, DFJ No. 3 and New Dragon No. 1, and (iv) Shanghai Chuyuan, an affiliate of Zhong Ka Investment Management, in proportion to their shareholdings in First Property Management immediately before the Reorganization. On May 29, 2020, Shanghai CDH Yaojia, CICC Global, Shanghai ODI, Shanghai Chuyuan, and the Controlling Shareholders entered into a shareholders' agreement (the "**Shareholder's Agreement**"), reflecting the investors' pre-existing rights in relation to their shareholding interests in First Property Management. On June 8, 2020, Hangzhou Dinghui, CICC, DFJ No. 1, DFJ No. 2, DFJ No. 3, New Dragon No. 1 and Zhong Ka Investment received RMB103.5 million in aggregate as the consideration for transferring approximately 16.5% of the equity interests in First Property Management to First Assets. For more information, see "— Reorganization — 3. Onshore Reorganization — Acquisition of First Property Management by First Service Holding (Hong Kong)". Such amount, which has been duly paid by the Pre-IPO investors for their Pre-IPO Investments, was injected to our Company by the Pre-IPO investors in June 2020 as part of the Reorganization.

In addition to the Shareholders' Agreement, the Controlling Shareholders and each of Shanghai CDH Yaojia, CICC Global and Shanghai Chuyuan have entered into separate agreements reflecting certain other pre-existing rights granted to the investors by the Controlling Shareholders in relation to their shareholding interests in First Property Management.

The table below sets forth the principal terms of the Pre-IPO Investments:

	Shanghai CDH Yaojia	CICC Global	Shanghai ODI	Shanghai Chuyuan
Date of capital contribution (by the relevant onshore affiliates)	July 5, 2017	July 5, 2017	January 15, 2018	September 26, 2019
Total amount of consideration paid (by the relevant onshore affiliates)	RMB60.0 million	RMB10.0 million	RMB25.0 million	RMB10.0 million

	Shanghai CDH Yaojia	CICC Global	Shanghai ODI	Shanghai Chuyuan
Basis of consideration	The historical consideration for the capital contribution was negotiated on arm's length basis, taking into account a range of factors. For more information, see "— Our Group Structure — History and Shareholding Changes of First Property Management — Listing on the NEEQ" in this section.			
Special rights	One or more of the investors are entitled to, among others, certain customary special rights including (i) rights to receive periodic financial and other information, (ii) redemption rights if the Global Offering does not take place on a certain date, and (iii) anti-dilution rights. In particular, with respect to anti-dilution rights, our Company has provided undertakings to the relevant investors of not to issue new Shares at a price below their respective subscription price prior to closing of a public offering of our Shares on the Stock Exchange. Each of the relevant investors has confirmed that the anti-dilution rights are no longer applicable. Further, Shanghai CDH Yaojia has the right to appoint one director to the board of our Company before Listing. These special rights will automatically terminate upon Listing, on the condition that a public offering in connection with the Listing needs to qualify as a "**Qualified IPO**", which means a firm commitment underwritten public offering of the Shares (or depositary receipts or depositary shares thereof) on the Stock Exchange or any other internationally recognized stock exchange as approved by the Board, based on a pre-public offering valuation of no less than RMB1,100.0 million. It is confirmed by the parties that the Global Offering is a Qualified IPO. In addition, Shanghai CDH Yaojia is also entitled to the right to a guaranteed return which will survive Listing. For more information, see "— Agreement between Shanghai CDH Yaojia and Our Controlling Shareholders" in this section.			
Lock-up	Six months from the Listing	Six months from the Listing	Six months from the Listing	Six months from the Listing
Cost per Share paid	HK$0.76	HK$0.76	HK$1.21	HK$1.75
Discount to mid-point of the Offer Price range	64.8%	64.8%	44.0%	19.0%
Valuation of First Property Management(1)	HK$546.6 million	HK$546.6 million	HK$903.1 million	HK$1,309.6 million
Shareholding in our Company immediately before the Global Offering	11.5%(2)	1.2%(2)	3.0%	0.8%

	Shanghai CDH Yaojia	CICC Global	Shanghai ODI	Shanghai Chuyuan
Shareholding in our Company immediately after the Global offering(3)	8.6%	0.9%	2.3%	0.6%
Use of Pre-IPO Investments proceeds	The proceeds have been fully utilized for business expansion, capital expenditures and general working capital requirements.			
Strategic benefits	Our Directors are of the view that (i) the Pre-IPO Investments would strengthen the shareholder base of our Company; and (ii) our Company would benefit from the additional capital from the Pre-IPO Investments, and such investments serve as an endorsement of our Company's growth prospects. In addition, the Pre-IPO investors and their affiliates are renowned institutional investors with extensive experience in identifying investment targets and providing them with support and advice. By considering the experience, reputation and business network of the Pre-IPO investors and their affiliates in the capital market, our Directors believe that (i) the Pre-IPO Investments would benefit our business development and boost the confidence of our business stakeholders in our Group; and (ii) the Pre-IPO investors could provide insights in formulating our strategy in future business expansion.			

Notes:

(1) Assuming an Offer Price of HK$2.16 per Offer Share (being the mid-point of the Offer Price range) and the Over-allotment Option is not exercised, the expected market capitalization of our Group immediately upon the Listing is approximately HK$2,160 million. The consideration of each tranche of the Pre-IPO Investments was determined based on arm's length negotiation with the Pre-IPO investors, taking into consideration several factors, including the financial performance, development trend, growth potential and the transactions in secondary market of First Property Management as well as the prospects of the PRC property management industry at the relevant time. For more information, see "— Our Group Structure — History and Shareholding Changes of First Property Management — Listing on the NEEQ" in this section. The difference between the expected market capitalization and the valuation of each tranche of the Pre-IPO Investments was primarily due to (i) the rapid business growth and expansion of our Group; and (ii) the growing market potential of the PRC property management industry and the green living solutions market. Furthermore, at the time when each tranche of the Pre-IPO Investments were made, the shares of First Property Management were listed on the NEEQ. We believe the actual value of our Group was not accurately reflected on the NEEQ due to its lack of liquidity. In addition, the valuation of each tranche of the Pre-IPO Investments only reflected the value of First Property Management. Following the merger between First Property Management and First Living and taking full advantage of the synergy generated by the cooperation between First Property Management and First Living, the expected market capitalization of our Group, which consists of the valuation of both First Property Management and First Living, is higher than the valuation of each tranche of the Pre-IPO Investments.

(2) Hangzhou Dinghui and CICC, the respective affiliates of Shanghai CDH Yaojia and CICC Global subscribed for the shares of First Property Management on June 28, 2017, at the same price per share of RMB12.50. For more information, see "— Our Group Structure — History and Shareholding Changes of First Property Management — Listing on the NEEQ" in this section. In its ordinary course of business, CICC traded the shares of First Property Management in secondary market and reduced its shareholding in it. Therefore, shareholdings of Shanghai CDH Yaojia and CICC Global in our Company were not in the same proportion to their respective consideration paid at the time of the investment.

(3) Assuming that the Over-allotment Option is not exercised and without taking into account options which may be granted under the Share Option Scheme.

Agreement between Shanghai CDH Yaojia and Our Controlling Shareholders

Pursuant to an agreement between among others, the Controlling Shareholders and Shanghai CDH Yaojia, Shanghai CDH Yaojia is, among others, entitled to a guaranteed return set out below:

Right to Guaranteed Return

Shanghai CDH Yaojia shall be guaranteed a fixed rate of return (the "**Guaranteed Return**"), which shall represent a compound return rate of 19% per annum for a period from July 5, 2017, to the earlier of July 4, 2021 or the date of disposal. This is provided however that where a Qualified IPO has not been consummated by July 4, 2021, such return rate shall be calculated with a period from July 5, 2017 to December 31, 2021. Such rate of return is to be calculated based on the total investment costs of RMB60.0 million.

If, in a sale of part or all of the Shares held by Shanghai CDH Yaojia, there is a discrepancy between the actual return from the sale of such Shares (as adjusted for any share dividends to be or historically distributed) and the Guaranteed Return, the Controlling Shareholders or Shanghai CDH Yaojia shall pay the other party such shortfalls or excess of proceeds in cash to achieve the Guaranteed Return with respect to such Shares. This is provided however that where the Controlling Shareholders could, on substantially similar terms, secure an alternative offer for the purchase of such Shares at a higher price, Shanghai CDH Yaojia must take such offer. This right to Guaranteed Return will only apply to the sales of part or all such Shares by Shanghai CDH Yaojia on or before December 31, 2022.

This is a private arrangement between the Controlling Shareholders and Shanghai CDH Yaojia, and our Company is not liable for compensating Shanghai CDH Yaojia under such arrangement. Further, the Guaranteed Return is based on historical investment costs at a fixed return rate, which does not link to the Offer Price or our Company's market capitalization upon or after the Listing. Our Directors are therefore of the view, and the Sole Sponsor concurs, that such Guaranteed Return arrangement complies with Guidance Letter HKEX-GL43-12 and may survive after Listing.

Right to Recommend a Director

After Listing, provided that Shanghai CDH Yaojia holds not less than 5% of our Company's total issued share capital, Shanghai CDH Yaojia may recommend an individual to the Controlling Shareholders to serve on the Board. The Controlling Shareholders shall, subject to applicable requirements under the Listing Rules, vote for such individual as a Director.

Public Float

Upon completion of the Share Subdivision, the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account options which may be granted under the Share Option Scheme), none of Shanghai CDH Yaojia, CICC Global, Shanghai ODI and Shanghai Chuyuan, being Pre-IPO investors, are core connected persons (as defined under the Listing Rules) of our Company. Therefore, the Shares held by these Pre-IPO investors will be counted towards public float of our Company.

Information about the Pre-IPO Investors

Save as disclosed herein, (i) each of the Pre-IPO investors does not have any past or present relationship with any other Pre-IPO investors and their respective ultimate beneficial owners or investment manager (as the case may be); and (ii) each of the Pre-IPO investors does not have any past or present relationships with our Company and subsidiaries, their respective controlling shareholders, directors, senior management or any of their respective associates.

Shanghai CDH Yaojia

Shanghai CDH Yaojia is a limited partnership established in the PRC whose general partner is Dinghui Investment, a private equity fund manager in the PRC which had approximately RMB21.1 billion of assets under management as of December 31, 2019. Funds managed by Dinghui Investment cover a broad range of sectors such as real estate, retail and consumer, financial services, industrial manufacturing and healthcare. For more information on Dinghui Investment, see note (1) in "— Our Group Structure — History and Shareholding Changes of First Property Management — Listing on the NEEQ". Shanghai CDH Yaojia is owned as to 99.9% by its sole limited partner, Hangzhou Dinghui. Hangzhou Dinghui is a limited partnership established in the PRC managed by Dinghui Investment as the general partner. Hangzhou Dinghui learned about First Property Management in 2017 through publicly available information during the ordinary course of its investment management when the shares of First Property Management were quoted on the NEEQ. In recognition of First Property Management's strong growth potential, Hangzhou Dinghui subscribed for the shares of First Property Management in July 2017. The equity interest in Hangzhou Dinghui is ultimately owned as to (i) approximately 12.16% by China Merchants Securities Co., Ltd. (招商證券股份有限公司), a company listed on the Stock Exchange (stock code: 6099) and the Shanghai Stock Exchange (stock code: 600999); (ii) approximately 9.24% by Zhejiang Provincial Department of Finance (浙江省財政廳); (iii) approximately 5.48% by the State-owned Assets and Administration Commission of the State Council (國務院國有資產監督管理委員會); (iv) approximately 5.07% by Gemdale Corporation (金地(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600383); and (v) approximately 4.99% by the MOF. The remaining equity interest in Hangzhou Dinghui is ultimately owned by more than 170 ultimate beneficial owners, comprising individuals (each of whom is an Independent Third Party), PRC governmental authorities (including but not limited to the State Council, Chinese Academy of Science (中國科學院) and People's Government of Hunan Province (湖南省人民政府)) and state-owned enterprises, each of whom holds less than 5% of equity interest in Hangzhou Dinghui. The size of capital managed by Shanghai CDH Yaojia amounts to RMB60 million. As of the Latest Practicable Date, Shanghai CDH Yaojia had not invested in any company other than our Group.

CICC Global

CICC Global is an indirect wholly-owned subsidiary of CICC, an investment bank listed on the Stock Exchange (stock code: 3908). CICC has a diversified portfolio that covers a broad range of industries including healthcare, consumer, technology, Internet, clean-tech, property management and advanced manufacturing. Our Group was introduced to CICC in 2016 by one of the then shareholders of First Property Management, Changjiang Securities. The size of capital held by CICC Global amounts to RMB8.5 million. As of the Latest Practicable Date, CICC Global had not invested in any company other than our Group.

Shanghai ODI

Shanghai ODI is a limited partnership established in the PRC, which is managed by New Dragon United as the general partner. New Dragon United is wholly-owned by Beijing New Dragon Gongying Asset Management Co., Ltd. (北京新龍脈共贏資產管理有限公司), which is held as to 54%, 36% and 10% by Beijing New Dragon Holding Co., Ltd. (北京新龍脈控股有限公司) ("**Beijing New Dragon**"), Shenzhen Qianhai Defengjie Longsheng Investment Management Center (Limited Partnership) (深圳前海德豐杰龍升投資管理中心(有限合夥)) ("**Shenzhen Qianhai Defengjie**") and Beijing New Dragon Fuxing Asset Management Center (Limited partnership) (北京新龍脈復興資產管理中心(有限合夥)), respectively. As of the Latest Practicable Date, First Assets owned 3.47% interest in Shenzhen Qianhai Defengjie. Beijing New Dragon is ultimately controlled by Mr. Qu Jingdong ("**Mr. Qu**") and Ms. Wang Yuqiao ("**Ms. Wang**"). Mr. Qu, the chairman of the board of Beijing New Dragon, has over 20 years of experience in making cross-border investments. Ms. Wang, one of the founders of Beijing New Dragon, is experienced in private equity fund raising and investment fund management. Mr. Qu and Ms. Wang became acquainted with Mr. Zhang Peng, our Director and Controlling Shareholder, through Mr. Lu Xiaotong, one of the past directors of First Property Management, in 2018. New Dragon United is an indirect subsidiary of Beijing New Dragon, a leading private equity in the PRC focusing on capital investments in emerging industries, including energy saving, environmental protection, new energy as well as smart manufacturing and automobile, with total assets under management of over RMB5 billion as of April 30, 2020. Shanghai ODI is owned as to 19.99%, 19.99%, 39.98% and 19.99% by DFJ No. 1, DFJ No. 2, DFJ No. 3 and New Dragon No. 1, the respective limited partners of Shanghai ODI. The size of capital managed by Shanghai ODI amounts to RMB25 million. As of the Latest Practicable Date, Shanghai ODI had not invested in any company other than our Group.

The equity interest in DFJ No. 1 is ultimately owned by more than 180 ultimate beneficial owners, comprising individuals and PRC governmental authorities (including but not limited to Wuhan State-owned Assets Supervision and Administration Commission (武漢市人民政府國有資產監督管理委員會)). Save for Shenzhen Qianhai Defengjie which holds approximately 0.18% of equity interest in DFJ No. 1, each of the ultimate beneficial owners of DFJ No. 1 is an Independent Third Party and owns less than 4% of equity interest in DFJ No. 1.

The equity interest in DFJ No. 2 is ultimately owned as to (i) approximately 86.76% by Wang Xin; and (ii) approximately 9.64% by Wang Longtang, each being an Independent Third Party. The remaining equity interest in DFJ No. 2 is ultimately owned by more than 60 ultimate beneficial owners, comprising individuals and PRC governmental authorities (including but not limited to Wuhan State-owned Assets Supervision and Administration Commission (武漢市人民政府國有資產監督管理委員會)). Save as disclosed above and except for Shenzhen Qianhai Defengjie which holds approximately 0.50% of equity interest in DFJ No. 2, each of the ultimate beneficial owners of DFJ No. 2 is an Independent Third Party and owns less than 1% of equity interest in DFJ No. 2.

The equity interest in DFJ No. 3 is ultimately owned as to (i) approximately 6.25% by Zhang Haiming; and (ii) approximately 6.05% by Ma Qianjin, each being an Independent Third Party. The remaining equity interest in DFJ No. 3 is ultimately owned by more than 90 ultimate beneficial owners, comprising individuals and PRC governmental authorities (including but not limited to Wuhan State-owned Assets Supervision and Administration Commission (武漢市人民政府國有資產監督管理委員會)). Save as disclosed above and except for Shenzhen Qianhai Defengjie which holds approximately 0.62% of equity interest in DFJ No. 3, each of the ultimate beneficial owners of DFJ No. 3 is an Independent Third Party and owns less than 5% of equity interest in DFJ No. 3.

The equity interest in New Dragon No. 1 is ultimately owned as to (i) approximately 15.09% by Qiao Qian; and (ii) approximately 6.47% by China Construction Bank Corporation (中國建設銀行股份有限公司), a company listed on the Stock Exchange (stock code: 939) and the Shanghai Stock Exchange (stock code: 601939), each being an Independent Third Party. The remaining equity interest in New Dragon No. 1 is ultimately owned by more than 100 ultimate beneficial owners, comprising individuals, listed companies, PRC governmental authorities (including but not limited to State-owned Assets and Administration Commission of the State Council (國務院國有資產監督管理委員會) and MOF) and state-owned enterprises. Save as disclosed above and except for Shenzhen Qianhai Defengjie which holds approximately 0.79% of equity interest in New Dragon No. 1, each of the ultimate beneficial owners of New Dragon No. 1 is an Independent Third Party and holds no more than 5% of equity interest in New Dragon No. 1.

For more information on DFJ No. 1, DFJ No. 2, DFJ No. 3 and New Dragon No. 1, see notes (4) and (5) in "— Our Group Structure — History and Shareholding Changes of First Property Management — Listing on the NEEQ".

Shanghai Chuyuan

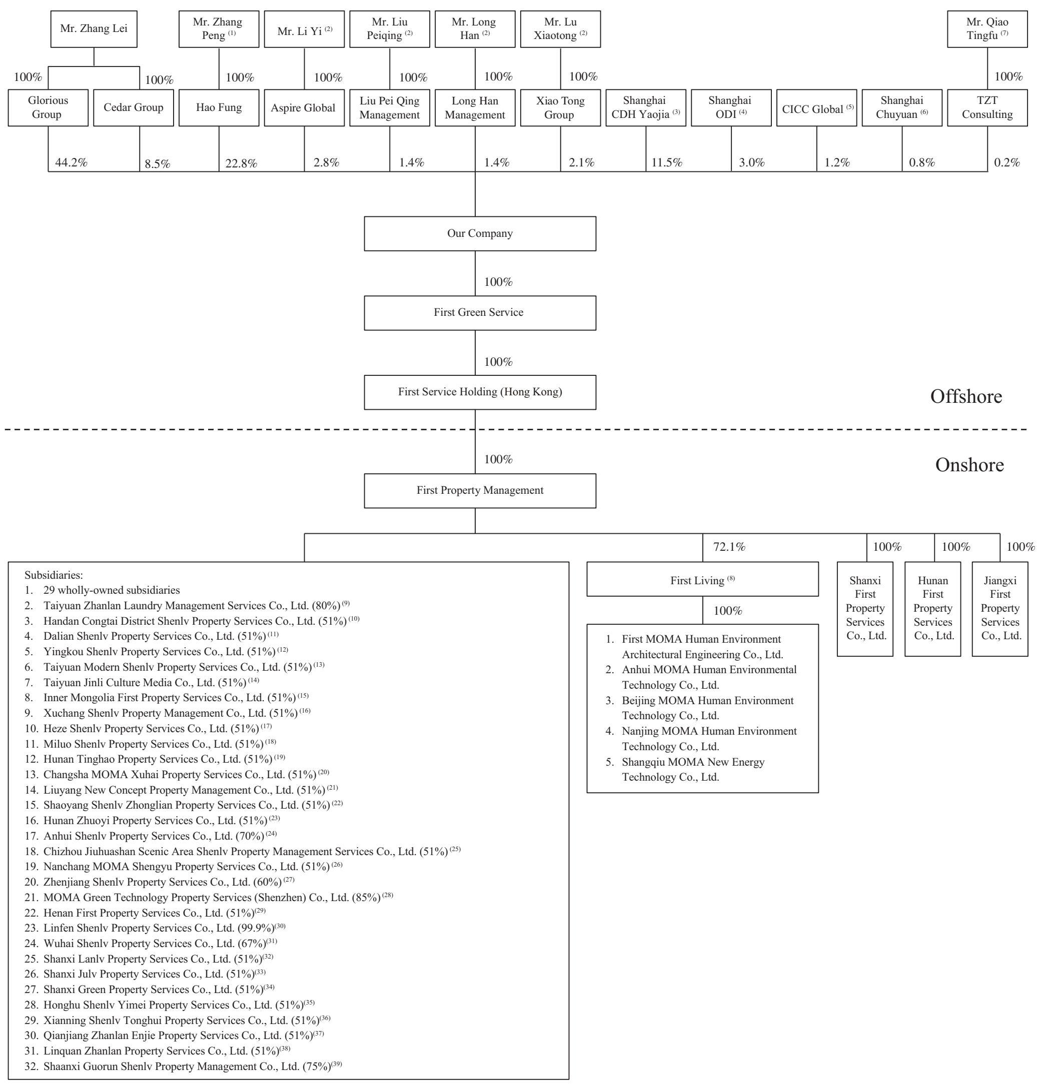
Shanghai Chuyuan is a limited partnership established in the PRC, which is managed by Da Ka Investment as the general partner. Da Ka Investment and its affiliates focus on equity investments across various sectors including property management, Internet and advanced technology. Shanghai Chuyuan is owned as to 99.9% by its limited partner, Zhong Ka Investment Management. Zhong Ka Investment Management is ultimately owned as to (i) approximately 24.08% by Zhou Jianping; (ii) approximately 3.24% by Ye Huili; and (iii) approximately 3.12% by Cai Xuelun, each of whom is an Independent Third Party. The remaining equity interest in Zhong Ka Investment Management is ultimately owned by more than 140 individuals, each of whom is an Independent Third Party who owns less than 3% of equity interest in Zhong Ka Investment Management. For more information on Zhong Ka Investment Management, see note (6) in "— Our Group Structure — History and Shareholding Changes of First Property Management — Listing on the NEEQ". In March 2019, our Group was introduced to Zhong Ka Investment Management through Mr. Li Yi, one of the past directors of First Property Management. As of the Latest Practicable Date, Zhong Ka Investment Management, Mr. Zhang Peng and Mr. Lu Xiaotong respectively hold 5.41%, 1.95% and 0.67% of the equity interests in Dangjia Mobile Green Internet Technology Group Co., Ltd. (當家移動綠色互聯網技術集團有限公司). The size of capital managed by Shanghai Chuyuan amounts to RMB50 million. As of the Latest Practicable Date, Shanghai Chuyuan had not invested in any company other than our Group.

Confirmation from the Sole Sponsor

The Sole Sponsor is of the view that the terms of the Pre-IPO investments are in compliance with the Interim Guidance on Pre-IPO investments HKEX-GL29-12 as well as the Guidance Letter HKEX-GL43-12.

CORPORATE AND SHAREHOLDING STRUCTURE

The following chart illustrates the shareholding structure following completion of the Reorganization, and immediately prior to the Global Offering:



Notes:

(1) Mr. Zhang Peng is our Controlling Shareholder and Director.

(2) Mr. Liu Peiqing is our executive Director and a director of First Property Management. Mr. Long Han is our non-executive Director. Mr. Li Yi and Mr. Lu Xiaotong were directors of First Property Management in the last 12 months. Thus all of them are our connected persons.

(3) Shanghai CDH Yaojia is a limited partnership established in the PRC, whose general partner is Dinghui Investment. For more information on Dinghui Investment, see note (1) in "— History and Shareholding Changes of First Property Management — Listing on the NEEQ".

(4) Shanghai ODI is a limited partnership established in the PRC, whose general partner is New Dragon United. For more information on New Dragon United, see note (4) in "— History and Shareholding Changes of First Property Management — Listing on the NEEQ".

(5) CICC Global, an exempted company incorporated in the Cayman Islands with limited liability, is an indirect wholly-owned subsidiary of CICC. For more information on CICC, see note (3) in "— History and Shareholding Changes of First Property Management — Listing on the NEEQ".

(6) Shanghai Chuyuan is a limited partnership established in the PRC, whose general partner is Da Ka Investment. For more information on Da Ka Investment, see note (6) in "— History and Shareholding Changes of First Property Management — Listing on the NEEQ".

(7) Mr. Qiao Tingfu is an Independent Third Party.

(8) For the shareholding structure of First Living, see "— Our Group Structure — Out Subsidiaries" in this section.

(9) The remaining 20% equity interest in Taiyuan Zhanlan Laundry Management Services Co., Ltd. is owned by Cao Man, an Independent Third Party (other than being a shareholder of our subsidiary).

(10) The remaining 49% equity interest in Handan Congtai District Shenlv Property Services Co., Ltd. is owned by Zhongrong Heshun Properties (Beijing) Co., Ltd. (中榮和順置業(北京)有限公司), a company primarily engaged in property development and management businesses, which is wholly owned by Beijing Zhongye United Investment Consulting Co., Ltd. (北京中業聯合投資顧問有限公司) which is owned as to 35% by Wang Yong, 35% by He Lifang, 20% by Chang Ruiheng, and 10% by Xing Xianping, all of whom are Independent Third Parties (other than being ultimate shareholders of our subsidiary).

(11) The remaining 49% equity interest in Dalian Shenlv Property Services Co., Ltd. is owned by Fu Chunhai, an Independent Third Party (other than being a shareholder of our subsidiary).

(12) The remaining 49% equity interest in Yingkou Shenlv Property Services Co., Ltd. is owned by Liaoning Linchang Real Estate Group Co., Ltd. (遼寧林昌地產集團有限公司), a company primarily engaged in real estate development, which is owned as to 50.7% by Tang Linchang (Tang Hongchang's brother) and 49.3% by Tang Hongchang (a director of our subsidiary).

(13) The remaining 49% equity interest in Taiyuan Modern Shenlv Property Services Co., Ltd. is owned by Shanxi Wanxing Group Co., Ltd. (山西萬興集團有限公司), a company primarily engaged in real estate development, which is owned as to 55.9% by Wang Dongbiao and 44.1% by Liang Jie, both of whom are Independent Third Parties (other than being ultimate shareholders of our subsidiary).

(14) The remaining 49% equity interest in Taiyuan Jinli Culture Media Co., Ltd. is owned by Li Kaiyu (the general manager of our subsidiary).

(15) The remaining 49% equity interest in Inner Mongolia First Property Services Co., Ltd. is owned by Sun Jianhua (a director of our subsidiary).

(16) The remaining equity interest in Xuchang Shenlv Property Management Co., Ltd. is owned by Henan Shangbang Property Services Co., Ltd. (河南尚邦物業服務有限公司), a company primarily engaged in property management services, which is wholly owned by Yan Yanli (a director of our subsidiary).

(17) The remaining 49% equity interest in Heze Shenlv Property Services Co., Ltd. is owned by Xi Hongchang (a director of our subsidiary).

(18) The remaining 49% equity interest in Miluo Shenlv Property Services Co., Ltd. is owned by Miluo Luojiang No. 9 Property Co., Ltd. (汨羅市羅江玖號置業有限公司), a company primarily engaged in property development, which is owned as to 60% by Wan Lihong and 40% by Wang Minyong, both of whom are Independent Third Parties (other than being ultimate shareholders of our subsidiary).

(19) The remaining 49% equity interest in Hunan Tinghao Property Services Co., Ltd. is owned by Liu Jian (a director of our subsidiary).

(20) The remaining 49% equity interest in Changsha MOMA Xuhai Property Services Co., Ltd. is owned by Hunan Xuhai Investment Co., Ltd. (湖南旭海投資有限公司), a company primarily engaged in real estate development, which is owned as to 51% by Li Sui (a director and general manager of our subsidiary) and 49% by Ge Hao, the brother of a director of our subsidiary.

(21) The remaining 49% equity interest in Liuyang New Concept Property Management Co., Ltd. is owned by Hunan Liuyang Lihuacheng Real Estate Development Co., Ltd. (湖南瀏陽禮花城房地產開發有限公司), a company primarily engaged in real estate development, which is owned as to 51.8% by Liu Jiarong, 25.7% by Zhu Chaohua and 22.5% by Xie Chunying, all of whom are Independent Third Parties (other than being ultimate shareholders of our subsidiary).

(22) The remaining 49% equity interest in Shaoyang Shenlv Zhonglian Property Services Co., Ltd. is owned as to 25% by Zheng Pingfu and 24% by Yao Chunhua, both of whom are Independent Third Parties (other than being shareholders of our subsidiary).

(23) The remaining 49% equity interest in Hunan Zhuoyi Property Services Co., Ltd. is owned by Hunan Shengshi Haimeng Real Estate Development Co., Ltd. (湖南盛世海盟房地產開發有限公司), a company primarily engaged in real estate development, which is wholly owned by Tang Hui, an Independent Third Party (other than being an ultimate shareholder of our subsidiary).

(24) The remaining 30% equity interest in Anhui Shenlv Property Services Co., Ltd. is owned by Anhui Binrui Property Services Co., Ltd. (安徽斌銳物業服務有限公司), a company primarily engaged in property management and consultation, which is owned as to 80% by Wang Long and 20% by Wu Qiao, both of whom are Independent Third Parties (other than being ultimate shareholders of our subsidiary).

(25) The remaining 49% equity interest in Chizhou Jiuhuashan Scenic Area Shenlv Property Management Services Co., Ltd. is owned by Beijing Tonghe Property Management Co., Ltd. (北京同合物業管理有限公司), a company primarily engaged in property management, which is ultimately owned as to 51% by Deng Zhiyin, 25% by Cao Wei and 24% by Han Xiaoming, each of whom is an Independent Third Party (other than being ultimate shareholders of our subsidiary).

(26) The remaining 49% equity interest in Nanchang MOMA Shengyu Property Services Co., Ltd. is owned by Jiangxi Shengyu Property Management Co., Ltd. (江西盛裕物業管理有限公司), which is owned as to 51% by Nanchang City Construction Investment Development Co., Ltd. (南昌縣城市建設投資發展有限公司) and 49% by Nanchang Jiajie Real Estate Co., Ltd. (南昌市潔佳物業有限公司). Nanchang City Construction Investment Development Co., Ltd. is owned as to 97.6% by Nanchang State-Owned Assets Administration Committee (南昌縣國有資產管理委員會), a PRC governmental body, 1.2% by CDB Development Fund (國開發展基金有限公司), a wholly-owned subsidiary of China Development Bank (國家開發銀行), and 1.1% by ADBC Key Development Fund (中國農發重點建設基金有限公司), a wholly-owned subsidiary of Agricultural Development Bank of China (中國農業發展銀行). Nanchang Jiajie Real Estate Co., Ltd. is owned by Country Garden Services Holdings Company Limited, a company listed on the Stock Exchange (stock code: 06098), an Independent Third Party (other than being an ultimate shareholder of our subsidiary).

(27) The remaining 40% equity interest in Zhenjiang Shenlv Property Services Co., Ltd. is owned by Zhenjiang Zhihe Property Management Co., Ltd. (鎮江致和物業管理有限公司), a company primarily engaged in property management services, which is owned as to 70% by You Yansheng and 30% by You Xiaoyin, both of whom are directors of our subsidiary.

(28) The remaining equity interest in MOMA Green Technology Property Services (Shenzhen) Co., Ltd. is owned as to 6% by Jia Ruiming, 5% by Xiang Chunlin, 2% by He Sheng, 1% by He Qingqing, and 1% by Fang Aiqi. Jia Ruiming is a director of our subsidiary, First Property Management, and thus our connected person. Xiang Chunlin was an employee (who is not our connected person) of First Property Management. He Sheng, He Qingqing and Fang Aiqi are employees (who are not our connected persons) of First Property Management.

(29) The remaining 49% equity interest in Henan First Property Services Co., Ltd. is owned by Beijing Moni Investment Co., Ltd. (北京墨尼投資有限公司), a company primarily engaged in investment management, which is wholly owned by Zhao Bo, an Independent Third Party (other than being an ultimate shareholder of our subsidiary).

(30) The remaining 0.1% equity interest in Linfen Shenlv Property Services Co., Ltd. is owned by Yan Liushan (a director of our subsidiary).

(31) The remaining 33% equity interest in Wuhai Shenlv Property Services Co., Ltd. is owned by Zhang Xiaojiang, an Independent Third Party (other than being a shareholder of our subsidiary).

(32) The remaining 49% equity interest in Shanxi Lanlv Property Services Co., Ltd. is owned by Shanxi Chendin Business Management Co., Ltd. (山西晨鼎商業管理有限公司), a company primarily engaged in business management, which is wholly owned by Zhai Zhihong (a director and the general manager of our subsidiary).

(33) The remaining 49% equity interest in Shanxi Julv Property Services Co., Ltd. is owned by Shanxi Tonglu Investment Co., Ltd. (山西同路投資有限公司), a company primarily engaged in investment, which is owned as to 70% by Chai Chaonan and 30% by Liu Guannan, both of whom are Independent Third Parties (other than being ultimate shareholders of our subsidiary).

(34) The remaining 49% equity interest in Shanxi Green Property Services Co., Ltd. is owned by Shanxi Yilifang Technology Co., Ltd. (山西億立方科技有限公司), a company primarily engaged in software technology development, which is owned as to 80% by Wang Xin (a director of our subsidiary) and 20% by Zhou Pengfei, an Independent Third Party (other than being an ultimate shareholder of our subsidiary).

(35) The remaining 49% equity interest in Honghu Shenlv Yimei Property Services Co., Ltd. is owned by Honghu Lingxiu Property Services Co., Ltd. (洪湖市領秀物業服務有限公司), a company primarily engaged in property management, which is owned as to 60% by Liao Wenhua (the chairman of the board of our subsidiary) and 40% by Tang Conggao, an Independent Third Party (other than being an ultimate shareholder of our subsidiary).

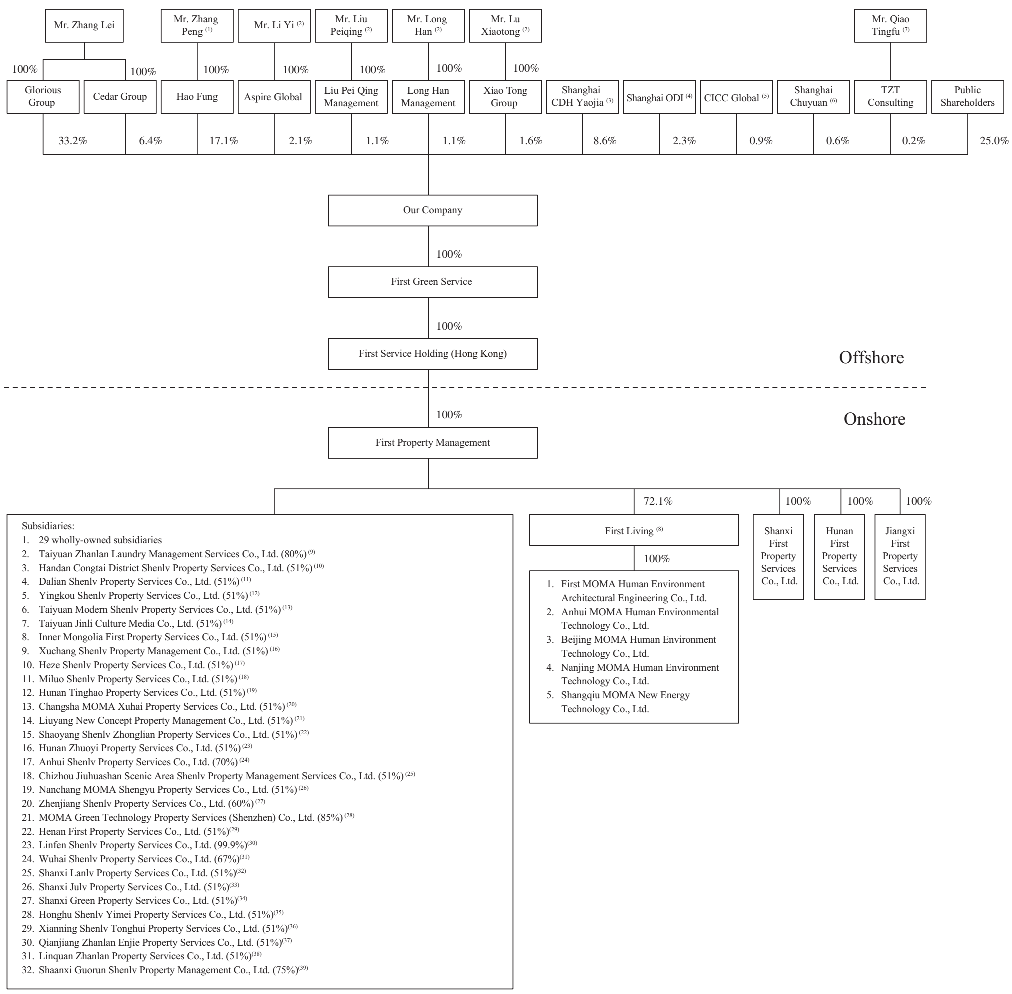
(36) The remaining 49% equity interest in Xianning Shenlv Tonghui Property Services Co., Ltd. is owned by Hubei Tonghui Business Management Co., Ltd. (湖北同惠商業管理有限公司), a company primarily engaged in consulting, which is ultimately owned as to 99.1% by Wu Shaoxun, 0.45% by Wu Xiaomin and 0.45% by Wu Bo, each of whom is an Independent Third Party (other than being ultimate shareholders of our subsidiary).

(37) The remaining 49% equity interest in Qianjiang Zhanlan Enjie Property Services Co., Ltd. is owned by Hubei Enjie Property Management Co., Ltd. (湖北恩杰物業管理有限公司), a company primarily engaged in property management, which is ultimately owned as to 99% by Nie Jie, an Independent Third Party (other than being an ultimate shareholder of our subsidiary), and 1% by Lei Renhua (the chairman of the board of our subsidiary).

(38) The remaining 49% equity interest in Linquan Zhanlan Property Services Co., Ltd. is owned by Anhui Chunli Property Management Co., Ltd. (安徽春麗物業管理有限公司), a company primarily engaged in property management, which is owned as to 50% by Sun Li and 50% by Liu Xuechun, both of whom are Independent Third Parties (other than being ultimate shareholders of our subsidiary).

(39) The remaining 25% equity interest in Shaanxi Guorun Shenlv Property Management Co., Ltd. is owned by Xi'an Guorun Property Management Co., Ltd. (西安國潤物業管理有限公司), a company primarily engaged in property management, which is ultimately owned as to 83.65% by Yao Weiping, 5.1% by Liu Xihong, 3.75% by Dang Jianbin, 2.5% by Yao Xinping, 2.5% by Zhang Lianli and 2.5% by Zhang Yong, each of whom is an Independent Third Party (other than being ultimate shareholders of our subsidiary).

The following chart illustrates the shareholding structure immediately after the completion of the Share Subdivision, the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued under the Share Option Scheme):



Notes:

See notes (1) to (39) from pages 168 to 171.

ACTING-IN-CONCERT AGREEMENT

On May 8, 2020, Mr. Zhang Lei and Mr. Zhang Peng entered into an acting-in-concert agreement, pursuant to which they agreed that Mr. Zhang Peng will put forward such resolution as advised and expressed by Mr. Zhang Lei, to be passed at any shareholders' meeting of the members of our Group or their respective predecessors during the period when they remain as controlling shareholders of our Company. Mr. Zhang Peng also agreed to vote in the same manner as advised and expressed by Mr. Zhang Lei. They also confirmed that they had been acting in such manner since May 18, 2016.

SAFE CIRCULAR 37

As disclosed in "Regulatory Overview — Regulations relating to Foreign Exchange Control — Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents", the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**Circular 37**"), promulgated on July 4, 2014, requires PRC residents or entities to register with local SAFE branches with regard to their investments before they conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities. The Circular 37 further requires PRC residents or entities to update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term, increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions) following the initial registration. Pursuant to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**Circular 13**"), which was promulgated on February 13, 2015 and became effective on June 1, 2015, PRC residents or entities are allowed to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

Our PRC Legal Advisor has confirmed that since Mr. Zhang Lei is not a PRC resident, he is not subject to the registration requirements under the Circular 37. Mr. Zhang Peng and five other natural persons, as well as the ultimate owners being a PRC national of each of the relevant investment funds, namely Mr. Li Yi, Mr. Liu Peiqing, Mr. Long Han, Mr. Lu Xiaotong and Mr. Qiao Tingfu, have completed the registration in accordance with the Circular 37 and the Circular 13 on April 15, 2020.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisor has confirmed that, in respect of the share transfers, acquisitions and disposals in respect of the PRC companies in our Group as described in "— Reorganization" above, all required regulatory approvals have been obtained and the Reorganization has been carried out in accordance with applicable PRC laws and regulations. Our PRC Legal Advisor has also confirmed that the transfers of equity interests in the PRC companies as described in "— Reorganization" above have been properly and legally completed.

Article 11 of the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, the SAMR and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, requires that, if an overseas company established or controlled by PRC domestic companies or citizens intends to acquire equity interest or assets of any other PRC domestic company affiliated with PRC domestic companies or citizens, such acquisition must be submitted to MOFCOM, rather than local regulators, for approval. In addition, Article 40 of the M&A Rules requires that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC Legal Advisor has advised us that Article 11 and Article 40 of the M&A Rules do not apply to our Reorganization and we are not required to apply to MOFCOM for approval of our Reorganization or submit to CSRC for approval of the Listing and trading of the Shares, given that Mr. Zhang Lei is not a PRC citizen.

However, there is no assurance that MOFCOM and CSRC will not promulgate any rules in the future or take a view that is contrary to the above opinion of our PRC Legal Advisor. Please refer to "Risk Factors — Risks Relating to doing business in China — 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 this prospectus.

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 "Appendix I — Accountants' Report". All market statistics quoted in this prospectus, unless otherwise specified, are from an industry report issued by CIA. For the qualifications of CIA as well as details of the industry report, see "Industry Overview" in this prospectus.

OUR MISSION

We position ourselves as a property management service provider that promotes comfortable living through technological innovation. While catering to all stages of the property life cycle, we strive to provide customers with digitally connected, green and healthy living experiences in residential and non-residential properties.

OVERVIEW

We provide property management services and green living solutions that cover the full property life-cycle. Since the commencement of our business in 1999, we have pursued rapid expansion and financial success. CIA has ranked us No. 31 among the 2020 Top 100 Property Management Companies in terms of overall strength[(1)], representing an upward improvement of 45 places from our ranking of No. 76 in 2015. In May 2020, CIA also recognized us as one of the 2020 Top 100 Property Management Companies in terms of Service Quality (2020中國物業服務百強服務質量領先企業). Furthermore, according to CIA, we achieved year-on-year growth in terms of GFA under management of 29.6% from 2018 to 2019, higher than the year-on-year growth of GFA under management of 15.1% for the Top 100 Property Management Companies. As of April 30, 2020, we had contracted to provide property management services in 52 cities across 19 provinces and municipalities in China.

We historically focused on enhancing quality of life within residential properties, which accounted for more than 95.0% of our total GFA under management as of April 30, 2020. During the Track Record Period, our GFA under management increased at a CAGR of 38.9% from 7.1 million sq.m. as of December 31, 2017 to 13.7 million sq.m. as of December 31, 2019, and further to 15.0 million sq.m. as of April 30, 2020. Our contracted GFA increased at a CAGR of 50.2% from 11.4 million sq.m. as of December 31, 2017 to 25.7 million sq.m. as of December 31, 2019, and further to 27.0 million sq.m. as of April 30, 2020. Our revenue increased at a CAGR of 28.4% from RMB379.2 million in 2017 to RMB624.7 million in 2019, as compared to the average increase in CAGR of 18.4% for the 2019 Top 100 Property Management Companies over the same period. Our net profit increased at a CAGR of 41.6% from RMB41.8 million in

Note:

(1) CIA publishes an annual ranking of China-based property management companies by overall strength each year. CIA prepares the ranking by assessing certain key factors as relevant to each company, including but not limited to management scale, operational performance, service quality, growth potential and social responsibility. The 2020 Top 100 Property Management Companies comprised of 244 companies, where multiple companies with the same or very close scores were assigned the same ranking. Our rankings based on growth rate, revenue per sq.m. and proportion of total GFA under management certified as "green buildings" may be different from the rankings in terms of overall strength. For more information, see "Industry Overview — Background and Methodologies of CIA".

2017 to RMB83.9 million in 2019, as compared to the average increase in CAGR of 26.1% for the 2019 Top 100 Property Management Companies over the same period. Out of our total of 99 property management projects as of April 30, 2020, 33 were certified as "green buildings"[(2)], amounting to a total GFA under management of 6.7 million sq.m. and generating RMB75.7 million, or 33.6%, of our total revenue for the four months ended April 30, 2020.

In addition to our property management services, we offer green living solutions that allow us to improve living conditions while upholding our commitment to environmental sustainability. They include energy operation services, where we operate energy stations to provide central heating and central cooling as an alternative to government-operated centralized heating systems. We also provide green technology consulting and systems installation services, where we design and install energy systems to enhance indoor comfort.

Our service portfolio, which caters to various customer needs as they arise throughout the initial design, construction and post-delivery stages of property development, may be segregated into the following three business lines:

- *Property management services,* primarily comprising cleaning, security, gardening and repair and maintenance;
- *Green living solutions,* primarily comprising (i) energy operation services, (ii) green technology consulting services, (iii) systems installation services and (iv) sales of our AIRDINO systems; and
- *Value-added services,* primarily comprising (i) parking space management services, (ii) communal area leasing services, (iii) sales assistance services, (iv) home living services, and (v) preliminary planning and design consultancy.

We have been able to count on the Controlling Shareholders Group as a source of business opportunities while making consistent efforts to establish and cultivate relationships with third-party developers. During the Track Record Period, we managed all the projects sourced from the Controlling Shareholders Group, which focuses on property development, property investment and a range of related businesses. The Controlling Shareholders Group comprises Modern Land Group (the shares of which are listed on the Stock Exchange (stock code: 1107)), Modern Investment Group and Super Land Group. Modern Land is ultimately owned as to 66.11% by Mr. Zhang Lei as of the Latest Practicable Date. Modern Investment is ultimately and wholly-owned by Mr. Zhang Lei and his daughter, Ms. Zhang Xinyu. Super Land is

Note:

(2) According to CIA, the term commonly used in the PRC property development and property management industries to refer to properties that have been awarded "Green Building Labels" (綠色建築標識) by MOHURD and its local administrative authorities. The certification criteria for "Green Building Labels" are based on the five factors of safety and durability (安全耐久), health and comfort (健康舒適), lifestyle convenience (生活便利), resource conservation (資源節約) and livability (環境宜居). For more information, see "Industry Overview — The PRC Property Management Industry — Property Management for 'Green Buildings' — Certification Requirements for 'Green Building Labels'".

ultimately and wholly-owned by Mr. Zhang Lei, his family members and certain other individuals. In 2017, 2018, 2019 and the four months ended April 30, 2020, revenue generated from services provided to the Controlling Shareholders Group amounted to RMB97.5 million, RMB137.9 million, RMB173.8 million and RMB50.9 million, respectively, accounting for 25.7%, 27.8%, 27.8% and 22.7% of our total revenue, respectively. We are confident that our long-term and stable business relationship with the Controlling Shareholders Group has allowed and will continue to allow us to benefit from their project reserve. Our Directors therefore expect that the Controlling Shareholders Group will continue to contribute to a substantial portion of our revenue, and believe the risk of terminating our mutual and complementary relationship with the Controlling Shareholders Group is remote. For more information, see "Relationship with Controlling Shareholders".

We believe our growth is primarily attributable to our business development capabilities. Our GFA under management and revenue sourced from third-party developers grew significantly during the Track Record Period. Our GFA under management sourced from third-party developers increased at a CAGR of 88.6% from 0.9 million sq.m. as of December 31, 2017 to 3.2 million sq.m. as of December 31, 2019, and further to 4.1 million sq.m. as of April 30, 2020. We also experienced corresponding growth in revenue generated from property management projects sourced from third-party developers, from RMB8.4 million in 2017 to RMB40.9 million in 2019, and from RMB12.3 million for the four months ended April 30, 2019 to RMB14.6 million for the four months ended April 30, 2020. Furthermore, our contracted GFA sourced from third-party developers increased at a CAGR of 89.5% from 2.7 million sq.m. as of December 31, 2017 to 9.7 million sq.m. as of December 31, 2019, and further to 10.2 million sq.m. as of April 30, 2020.

OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and will continue to distinguish us from our competitors:

Established Property Management Service Provider with Growth Potential

We focus on providing property management services in China. Since the commencement of our business in 1999, we have pursued rapid expansion and financial success. CIA has ranked us No. 31 among the 2020 Top 100 Property Management Companies in terms of overall strength, representing an upward movement of 45 places from our ranking of No. 76 in 2015. Furthermore, according to CIA, we achieved year-on-year growth in terms of GFA under management of 29.6% from 2018 to 2019, higher than the year-on-year growth of GFA under management of 15.1% for the Top 100 Property Management Companies. According to CIA, we also ranked sixth and eighth among the 2020 Top 100 Property Management Companies headquartered in Beijing for growth rates in terms of GFA under management and revenue, respectively.

Our property management and value-added services allows us to cater to the needs of our customers as they arise, whether during the initial design and construction stages of property development, or during post-delivery property management. For example, we may provide preliminary planning and design consultancy services to advise property developers on design issues throughout the various stages of property development, as well as various home living services to enhance quality of life for residents. During the Track Record Period, we were able to attain RMB53.5, RMB46.9 and RMB45.6 in revenue per sq.m., respectively, with our service portfolio, as compared to the averages of RMB23.5, RMB23.8 and RMB24.3 in revenue per sq.m., respectively, for the 2020 Top 100 Property Management Companies in the same periods. We expanded our geographic presence for contracted GFA to cover 52 cities across 19 provinces and municipalities as of April 30, 2020. Our GFA under management increased at a CAGR of 38.9% from 7.1 million sq.m. as of December 31, 2017 to 13.7 million sq.m. as of December 31, 2019, and further to 15.0 million sq.m. as of April 30, 2020. Our contracted GFA increased at a CAGR of 50.2% from 11.4 million sq.m. as of December 31, 2017 to 25.7 million sq.m. as of December 31, 2019, and further to 27.0 million sq.m. as of April 30, 2020.

In providing our property management services, we aim to conserve resources and protect the environment. We believe that our commitment to environmentalist values sets us apart and sharpens our competitive edge. We possess the know-how and experience necessary to manage "green buildings", which are properties that have been awarded "Green Building Labels", by MOHURD and its local administrative authorities. According to CIA, we ranked third among the 2020 Top 100 Property Management Companies in terms of the proportion of total GFA under management certified with "Green Building Labels" at 46.9%. Such GFA under management for "green buildings" accounted for only 4.3% of the total GFA under management of the 2020 Top 100 Property Management Companies, a reflection of the difficulty of obtaining such certifications and their prestige within our industry. Out of our total of 99 property management projects as of April 30, 2020, 33 were certified as "green buildings", amounting to a total GFA under management of 6.7 million sq.m. and generating RMB75.7 million, or 33.6%, of our total revenue in the four months ended April 30, 2020.

As our customers and regulatory authorities place increasingly higher value on eco-friendliness and energy conservation, we believe we are positioned to take advantage of such trends to propel our growth. For example, the "Notice Regarding the Action Plan for Green Building Construction Issued by the Seven Departments" (關於印發綠色建築創建行動方案的通知) promulgated in July 2020 mandated that GFA for "green buildings" should account for at least 70% of the GFA of newly-developed properties by 2022. According to CIA, the percentage of new GFA under development in China relating to the construction of "green buildings" was 45.0% in 2019.

In-depth Know-How and Design and Consultation Capabilities

Throughout our history, we accumulated in-depth know-how and design and consultation capabilities. We combine these resources to provide a range of property management services and green living solutions. Our skills manifest themselves in the following key characteristics:

- *Design and consultation capabilities.* We are able to provide various green technology consulting services in relation to energy systems. We analyze the impact of climate and weather conditions and take account of variables such as geographical location, property type and building characteristics to create the ideal indoor environment while conserving energy resources. For example, for our current energy operation projects in Hefei and Suzhou where we previously provided green technology consulting services, we found that energy consumption (as measured by standard coal consumption) were reduced by approximately 50.0% and 32.7%, respectively, due to our customers' adoption of our design plans. For more information, see "— Green Living Solutions" in this section. During the Track Record Period, we also developed energy forecasting capabilities while providing green technology consulting services across China, which is the application of statistics to predict demand and determine pricing for energy. Out of our 90 green technology consulting service engagements during the Track Record Period and as of the Latest Practicable Date, 25 were sourced from Independent Third Parties, which included publicly-listed third-party developers. We believe working with such clients has allowed us to accumulate market experience and brand recognition.

- *Management and operation capabilities.* While providing our energy operation services, we gather energy data for uploading onto our self-developed Green Cloud Platform. We use this energy data, which relates to utilities such as water, electricity and gas usage as well as measurements of humidity, temperature and pressure to monitor, operate and maintain machinery and equipment in energy stations. When issues arise within our energy operation projects, the Green Cloud Platform allows us to detect them and timely and effectively respond. This signifies that we have data analysis skills that enhance our management and operational services.

- *Ability to research and develop green technologies.* We sell our in-house developed, patented AIRDINO systems, which we designed to act as one-stop solutions for indoor comfort across seasons and regions. We believe our AIRDINO systems are competitive because they singly combine fresh air ventilation, air conditioning, purification and humidification control capabilities. During the Track Record Period, we developed three generations of award-winning AIRDINO systems. For more information, see "— Green Living Solutions — Sales of our AIRDINO Systems" in this section. As of the Latest Practicable Date, we had registered 48 patents, including 46 utility model patents and two industrial design patents. We have also been able to secure "High and New Technology Enterprise" (高新技術企業) certifications at national and local levels.

High Customer Satisfaction, Achieved by Offering Enhanced Customer Experiences and Quality Services through a Standardized Management System.

We prioritize customer experience in forging comfortable living environments. In the meantime, we apply a streamlined and standardized management system to elevate the quality of our services. We believe these measures allow us to enhance customer satisfaction in a way that sets us apart from our competitors, because:

- *We aim to provide comfortable living experiences for our customers.* To provide our customers with comfortable living experiences, we seek to fulfill the "Four Stabilizing Goals" of ideal temperatures (恆溫), ideal humidity levels (恆濕), ideal air circulation (恆氧) and ideal noise insulation (恆靜). We have a range of green living solutions that allow us to advise and assist our customers on how to maintain temperatures at 20-26 degrees Celsius, humidity levels at 30-70%, air changes of 0.5-0.8 times per hour and noise levels at 35-40 decibels. These include energy operation services, where we operate energy stations to provide central heating and central cooling in balance with seasonal temperatures, and green technology consulting and systems installation services, where we design and install the energy systems to enhance indoor comfort. Additionally, we have developed AIRDINO systems to remove PM2.5 and keep air fresh and pure. We integrate our property management services and green living solutions to manage the ecosystem of fitness clubs, kindergartens, co-working spaces, hotels and apartments under Modern Land Group and its affiliates, aiming to promote a comfortable and healthy lifestyle.

- *We have established a streamlined and standardized management system that allows us to maintain and improve the quality of our services.* We have established an internal system for monitoring and standardizing the quality of our services to minimize human error and ensure consistent performance. We have a series of policies and procedures covering various aspects of our business, including the selection and management of subcontractors and standard operating procedures for our environment management, customer service, information management and research and development departments. Our measures have resulted in our obtaining and maintaining quality control certifications such as the GB/T19001-2016/ISO9001:2015 for quality management, the GB/T24001-2016/ISO14001:2015 for environmental management and the ISO 45001:2018 for occupational health and safety.

We have a proven track record in enhancing customer experience, generating customer satisfaction and consolidating our industry reputation. According to CIA, we were able to achieve higher overall scores for customer satisfaction rates than the industry average. While our average overall score for customer satisfaction rate in 2019 was 84.7, the same rate for the property management industry was 75.3. For each of the three years between 2018 and 2020, CIA recognized us as one of the "Top 100 Property Management Companies in terms of Service Quality" (中國物業服務百強服務品質領先企業), while EH Consulting recognized us in its list of "2019 Top 50 PRC Residential Community Care Exemplary Enterprises for Customer Satisfaction" (2019中國社區服務商客戶滿意度模範企業) in 2019. Based on the above, we are confident in our ability to enhance customer experience, which we believe has helped and will continue to help us retain and expand our customer base.

Significant Growth Opportunities Underpinned by our Independent Business Development Capabilities and Brought about by the Support of Modern Land Group

Since our establishment, we have always been able to count on the unwavering support of Modern Land Group. Our cooperation with Modern Land Group has allowed us to access its project portfolio and expand regionally into markets across China. Through our consistent efforts to provide quality services, we have built a brand that allows us to compete on our own merits. We leverage our service portfolio, participate in third-party tender bids and network with other industry players to obtain service engagements independently from our connection with Modern Land Group.

Our independent business development capabilities may be evidenced by our growth. We were able to increase our GFA under management and revenue attributable to third-party developers during the Track Record Period. Our GFA under management attributable to third-party developers increased at a CAGR of 88.6% from 0.9 million sq.m. as of December 31, 2017 to 3.2 million sq.m. as of December 31, 2019, and further to 4.1 million sq.m. as of April 30, 2020. We also experienced corresponding growth in revenue generated from property management projects sourced from third-party developers, from RMB8.4 million in 2017 to RMB40.9 million in 2019, and from RMB12.3 million for the four months ended April 30, 2019 to RMB14.6 million for the four months ended April 30, 2020. Furthermore, our contracted GFA sourced from third-party developers increased at a CAGR of 89.5% from 2.7 million sq.m. as of December 31, 2017 to 9.7 million sq.m. as of December 31, 2019, and further to 10.2 million sq.m. as of April 30, 2020. We steadily increased the number of tender biddings made each year, and maintained tender success rates for property management projects sourced from third-party developers at above 50.0% in each of 2017, 2018, 2019 and the four months ended April 30, 2020. As of April 30, 2020, our service engagements from third-party developers included residential communities, commercial office buildings and government facilities located in 28 cities across China, in areas such as Shanghai, Tianjin, Jiangxi, Henan and Hunan.

We have also been able to count on Modern Land Group as a reliable source of business opportunities. For example, Modern Land Group has a portfolio of non-residential properties that allows us to diversify our property mix. We managed all the projects sourced from Modern Land Group during the Track Record Period. On December 4, 2019, we entered into a master property management contract with Modern Land, under which we agreed to provide property management services to Modern Land Group (the "**Modern Land Master Property Management Agreement**"). The Modern Land Master Property Management Agreement became effective on January 1, 2020 and is valid until December 31, 2022. We expect that, from time to time and as required, members of our Group will enter into individual property management contracts with members of Modern Land Group, setting forth specific terms and conditions such as the type of property management services required, property management fees and terms of service. We have also signed other contracts with Modern Land to provide our green living solutions. For more information, see "Connected Transactions" in this prospectus. Modern Land Group has been ranked among the Top 100 Property Developers in China for all of the past five years and was recognized as a "2019 China Specialized Real Estate Enterprise with Excellence in Operation" for "Green Technology Real Estate" (2019 中國特色地產運營優秀企

業綠色科技地產) by CIA. According to its annual report, the land bank held by Modern Land Group (together with its joint ventures and associates) in the PRC as of December 31, 2019 amounted to 11.9 million sq.m. We expect that Modern Land Group will continue to help drive our growth and expansion going forward.

Seasoned Management Team Supported by our Talent Pool

Members of our senior management team, with their knowledge of the property management industry, insight into market trends and operational experience, have guided us through the rapidly evolving industry and competitive landscape. The majority of our Directors and senior management officers have had more than ten years of industry experience. For example, Mr. Liu Peiqing, one of our executive Directors and co-chief executive officers, has accumulated more than 14 years of experience in the property management industry. Mr. Liu Peiqing serves as executive chairman of the Beijing Real Estate Agents Alliance Property Management Committee (北京市房地產經理人聯盟物業管理委員會) and has been primarily responsible for overseeing the management and daily operations of our Group. Mr. Jia Yan, one of our executive Directors and co-chief executive officers, has accumulated more than 22 years of experience in the engineering, construction, energy and real estate industries. He has been nationally certified as a Senior Engineer (高級工程師) since 2007 and received the "Annual China Green Building Innovation Award — Second Level" (2015年度全國綠色建築創新獎二等獎) in 2015. Mr. Jia Yan led our research and development efforts during the Track Record Period. We also benefit from the insight of Mr. Zhang Peng (張鵬), our non-executive Director and chairman of our Board. Mr. Zhang Peng has a network of connections within the property development industry that allows us to raise our profile among potential customers. He has served in various real estate organizations in China, such as the China Real Estate Association (中國房地產業協會理事會) as honorary vice chairman, the Settlement Committee of China Real Estate Association (中國房地產業協會人居委員會) as chairman, and the China Real Estate Agents Alliance (中經聯盟) as 12th rotating chairman, among others. For more information, see "Directors and Senior Management".

We believe our management team is supported by capable, trained and hardworking employees. We seek to motivate their growth and development. To motivate exceptional performance, we established our "Green Giant Program" (綠·巨人項目) to recognize, among other characteristics, sophistication, professionalism, communication skills, management skills and execution capabilities. The "Green Giant Program" involves a competitive evaluation process, concluding with a closing ceremony where employees are recognized as "Green Star Butlers" (綠星管家), "Green Star Warriors" (綠星衛士), "Green Star Craftsmen" (綠星工匠), "Green Star Gardeners" (綠星園丁) or "Green Star HR" (綠星HR). We may raise salaries for individual employees based on the number of times they participated and were certified in our "Green Giant Program". Furthermore, we have established systematic and extensive training programs across all levels, including orientations, training camps and sharing sessions hosted by senior management officers or third-party industry experts. In all our human resource initiatives, we seek to create a merit-based ecosystem that encourages exchange of ideas.

OUR BUSINESS STRATEGIES

Our mission is to provide customers with digitally connected, green and healthy living experiences. We intend to pursue the following strategies in furtherance of this goal:

Continue to expand the scale of our property management business through multiple channels

We intend to expand our market share as a provider of property management services. We will implement certain business development initiatives to raise our profile among property developer clients, which should contribute to our future success in tender biddings. For example, we will strengthen our existing and establish new relationships with companies that oversee and manage property development projects, and digital twins service providers that can build visual simulations of property development projects to facilitate effective management. We will also look to build relationships with IoT service providers who are often involved in the early stages of developing commercial properties and public facilities. Furthermore, in pursuit of organic growth, we will ramp up marketing and public relations initiatives in relation to third-party developers by participating in more industry conferences and tender biddings.

Furthermore, we will look to strategically acquire or invest in small- and medium-sized property management companies. We will target property management companies that are gaining repute in their respective regions and have significant growth potential. Key objective criteria we will take account of include the size of their property management portfolio and financial performance. Once we have completed such acquisitions, we will impart our commitment to building comfortable and green communities to our targets. Where appropriate, we will also incorporate green technologies and eco-friendly measures to our newly-acquired property management projects. For more information on our selection criteria for target property management companies, see "Future Plans and Use of Proceeds — Use of Proceeds".

In bolstering our geographic presence across China, we will focus our expansion efforts on the Yangtze River Delta and Pearl River Delta Regions. According to CIA, many of the cities located in these regions are highly populated, economically strong and have a consumer base that is willing to spend beyond basic necessities in pursuit of higher living standards, while others are still developing their infrastructure. We are confident that we have much to offer to cities in these two regions. Not only are we committed to enhancing asset values with our portfolio of property management services, but we also possess energy conservation skills that allow us to facilitate eco-friendly urban development.

We plan to invest approximately 50.0% of our net proceeds from the Global Offering towards strategic acquisitions. As of the Latest Practicable Date, we had not identified any suitable targets that fit our criteria.

Invest in energy operation projects and obtain energy operation rights

We design, bring to life and operate energy systems and energy stations through our green technology consulting services, systems installation services and energy operation services, all of which are part of our portfolio of green living solutions. We intend to place further efforts into securing service engagements for this business line, as we believe this is key to our revenue structure and mission to build comfortable and green communities.

We will look to selectively invest in energy operation projects and obtain energy operation rights. While selecting potential energy operation projects, we will take into account criteria such as profitability, location, size and property type. We prefer to invest in energy operation projects located in first- and second-tier cities and suburban areas, and are particularly interested in those that support government buildings and public facilities such as universities, hospitals and hotels. Our investment efforts involve assisting property developers or property owners in establishing or upgrading energy stations, with the overall goal of obtaining energy operation rights. We will expand market research and business development operations to uncover potential investment opportunities. According to CIA, demand for centralized provision of heating has grown in recent years, particularly in southern regions of China. We expect energy stations to grow in popularity and that there will be increasing interest in installing them in residential communities and various non-residential properties.

Successfully obtaining energy operation rights could generate long-term revenue streams, as we generally contract to operate energy stations for extended periods of time. For more information, see "— Green Living Solutions — Energy Operation Services — Contracts for our Energy Operation Services" in this section. We also view this as securing opportunities to showcase our skill in providing green living solutions. We believe this will allow us to accumulate brand recognition and enhance our ability to secure future green living solutions projects. In the long term, we hope our efforts will allow us to consolidate and expand our market share in the green living solutions sector.

We plan to invest approximately 20.0% of our net proceeds from the Global Offering towards the acquisition of energy operation rights. We are confident that by doing so, we are building our foundation for long-term growth.

Develop our intelligent community and enhance our information technology systems

We intend to enhance our information technology systems and develop our intelligent community to elevate customer experience. Where appropriate, we will partner these initiatives with hardware upgrades to enhance operational results.

First, we will develop a multi-functional online platform to enhance the living experiences of our property owners and residents. It will integrate functions such as public notifications, bulk purchase coordination, online shopping, repairs and maintenance requests, payment of property management fees and intelligent entry control. We will also develop intelligent community, complementing our efforts with hardware upgrades. For example, we will establish an IoT platform for centralized coordination of security in residential communities and energy data collection. This will be supported by hardware upgrades in relation to access control and surveillance facilities, and energy data collection equipment across our property management projects. We also plan to carry out similar software and hardware updating initiatives to build an automated car park management system. This set of efforts to develop our intelligent community is expected to reduce our reliance on manual labor and minimize human error, thereby enhancing our operational results.

Additionally, we will first fortify the information technology systems key to our business and administrative functions. This includes upgrading our internal software for residential community management and strategy and decision-making systems. Examples of the former include online systems for handling repairs and maintenance requests from customers, filing records and managing the "400" national service hotline, while examples of the latter include internal shared financial management, supply management and human resources platforms. Furthermore, we intend to develop three online platforms to support our employees, senior management officers and customers in their daily interactions with our business. For employees working on the ground with direct customer contact, we intend to develop a Housekeeper's Mobile Application (職員 APP) allowing them to use a centralized system for handling repairs and maintenance requests, with status update management and payment collection features. To assist our senior management officers in devising strategies and making management decisions, we will establish a "Strategy Analysis Platform" (決策分析平台) that automatically collates, analyzes and presents Group-wide financial and operational data.

All our efforts to develop our intelligent community are geared toward improving service quality. We believe they will allow us to better understand and tailor our services according to customer needs, particularly as online systems facilitate collection of data on customer preferences. We expect to allocate 10.0% of our net proceeds from the Global Offering toward the development of our intelligent community.

Continue to research and develop green technologies for commercialization

Our revenue from green living solutions increased at a CAGR of 23.5% from RMB101.3 million in 2017 to RMB154.6 million in 2019, and increased by 19.1% from RMB57.8 million for the four months ended April 30, 2019 to RMB68.9 million for the four months ended April 30, 2020. We believe expanding our portfolio of green living solutions will allow us to increase our growth potential and diversify our revenue streams. To this end, we will continue researching and developing green technologies that allow us to build comfortable and green communities.

First, we will delve into research on energy system technologies that allow us to attain the "Four Stabilizing Goals". For example, we intend to study the cross-seasonal energy storage capabilities in connection with ground-source heat pump systems; one of our research projects relates to storing energy in the winter for use in the summer to provide central cooling. We believe this could have significant implications in the area of energy conservation and will use the results of our research to provide green technology consulting and systems installation services to high-end properties. Additionally, we will explore the possibility of enhancing our operating efficiencies by operating energy stations through IoT, big data and artificial intelligence technologies. Our goal is to achieve remote, automated and centralized energy operation.

Our vision also includes upgrading our AIRDINO systems to refine their existing functions, primarily by enhancing existing hardware. For example, we will look to incorporate certain high-efficiency filtering and VOC-removal materials that will augment their air purification capabilities. We believe our various intended improvements will better assist our customers in attaining the "Four Stabilizing Goals" to enjoy a comfortable and healthy lifestyle.

In pursuit of our research and development goals, we may enhance research efforts in relation to market trends. We will participate in more industry conferences, as well as explore the possibility of collaborating with universities and research institutions with engineering expertise. In addition, we will recruit talented individuals with technology-related qualifications and relevant work experience. For more information on our planned recruitment efforts, see "— Our Business Strategies — Continue to attract and nurture talent" in this section.

According to CIA, this is a service sector with significant market potential. Its fragmented nature affords individual corporations opportunities to develop and consolidate its market. To put ourselves on the path toward market leadership, we will invest 5.0% of our net proceeds from the Global Offering into researching and developing green technologies.

Continue to attract and nurture talent

We believe the caliber of our employees is essential to long-term growth and intend to invest in recruitment and professional development. For example, we will expand hiring initiatives under our "Talented Leaders Scheme" (將才計劃). We will raise budgets for leveraging recruitment channels such as headhunters, online job banks and industry summits and job fairs. We are confident that by attracting more professionals with industry experience and expertise, we will bring in new perspectives and supplement our skills.

At the same time, we will also continue building our graduate recruitment program, the "Talented Apprentice Scheme" (匠才生計劃). Hiring graduates is one of the means by which we inject youthful energy and innovative ideas into our staffing structure. We intend to organize more programs under the "Talented Apprentice Scheme" to help graduates assimilate into our corporate culture and coach essential skills. These may include, among others, specialized training sessions and reading clubs during an internship period immediately before the graduates' official start date. In nurturing young graduates, we hope to impart our professional expertise, corporate values and work ethic.

Furthermore, we plan to improve existing training programs for all our employees. We would like to invite more third-party professionals to give training sessions on specific skill sets, such as execution, communication and leadership for our senior management officers. We may also invest in the development of an online training platform and expand the course offerings in our existing "Elite Lieutenants Program" (精兵營). We will also increase the frequency of our training sessions.

We look favorably upon friendly competition as to ideas, skills and hard work, and hope to create a corporate culture that fosters belonging and community. We believe this will encourage loyalty to our Group and build us a stable employee structure to effectively execute our policies and enhance our brand recognition. We intend to invest 5.0% of our net proceeds from the Global Offering into attracting and cultivating our next generation of leaders.

OUR BUSINESS MODEL

We focus on providing property management services and green living solutions that cover the full property life cycle. Our service portfolio may be segregated into the following three business lines:

Property management services We provide property developers, property owners and residents with a standard range of property management services, which primarily comprise cleaning, security, gardening and repair and maintenance. Our portfolio of properties under management includes residential and non-residential properties. Our non-residential properties are properties not built for residential use and primarily include office buildings, government facilities, hotels and shopping centers.

Green living solutions We provide green living solutions to property developers, property owners and residents. These services comprise (i) energy operation services; (ii) green technology consulting services; (iii) systems installation services; and (iv) sales of our AIRDINO systems.

Value-added services We provide value-added services to non-property owners, property owners and residents. Our value-added services primarily comprise (i) value-added services to non-property owners, including (a) sales assistance services and (b) preliminary planning and design consultancy services, such as on-site design consulting, construction stage inspection, sales assistance consulting and pre-delivery inspection, as well as (ii) community value-added services, including (a) parking space management services, (b) communal area leasing services and (c) home living services.

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

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Property management services	157,740	41.6	202,401	40.8	272,818	43.7	79,095	38.8	93,147	41.4
Green living solutions	101,293	26.7	128,746	26.0	154,550	24.7	57,845	28.4	68,877	30.6
Value-added services	120,180	31.7	164,384	33.2	197,311	31.6	66,879	32.8	62,836	28.0
– Value-added services to non-property owners	53,302	14.0	77,466	15.7	100,445	16.0	34,234	16.8	35,024	15.6
– Community value-added services	66,878	17.7	86,918	17.5	96,866	15.6	32,645	16.0	27,812	12.4
Total	379,213	100.0	495,531	100.0	624,679	100.0	203,819	100.0	224,860	100.0

We generate a substantial portion of our revenue from services provided to the property development projects of Modern Land Group and other associates of our Controlling Shareholders. According to CIA, it is an industry norm for PRC property management companies to rely on businesses from connected parties. For more information, see "Relationship with Controlling Shareholders". The table below sets forth a breakdown of our total revenue by business line and customer type for the years indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Property management services										
Modern Land Group	12,459	3.3	18,340	3.7	18,131	2.9	5,970	2.9	3,744	1.7
Other associates of our Controlling Shareholders(1)	5,538	1.5	10,160	2.1	14,812	2.4	3,554	1.8	2,733	1.2
Independent Third Parties(2)	139,743	36.8	173,901	35.0	239,875	38.4	69,571	34.1	86,670	38.5
Subtotal	157,740	41.6	202,401	40.8	272,818	43.7	79,095	38.8	93,147	41.4
Green living solutions										
Modern Land Group	10,190	2.7	23,061	4.7	34,997	5.6	11,573	5.7	11,799	5.2
Other associates of our Controlling Shareholders(1)	16,300	4.3	13,024	2.6	12,049	1.9	2,847	1.4	1,971	0.9
Independent Third Parties(2)	74,803	19.7	92,661	18.7	107,504	17.2	43,425	21.3	55,107	24.5
Subtotal	101,293	26.7	128,746	26.0	154,550	24.7	57,845	28.4	68,877	30.6
Value-added services(3)										
Modern Land Group	34,051	9.0	52,977	10.7	59,513	9.5	22,964	11.3	21,995	9.8
Other associates of our Controlling Shareholders(1)	19,010	5.0	20,369	4.1	34,339	5.5	10,448	5.1	8,702	3.9
Independent Third Parties(2)	67,119	17.7	91,038	18.4	103,459	16.6	33,467	16.4	32,139	14.3
Subtotal	120,180	31.7	164,384	33.2	197,311	31.6	66,879	32.8	62,836	28.0
Total	379,213	100.0	495,531	100.0	624,679	100.0	203,819	100.0	224,860	100.0

Notes:

(1) Refers to other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

(2) Refers to third-party developers, property owners and residents that are independent from our Controlling Shareholders.

(3) Includes value-added services provided to non-property owners, such as sales assistance services and preliminary planning and design consultancy services, as well as community value added services, such as parking space management services, communal area leasing services and home living services.

The table below sets forth a breakdown of our total revenue by business line and project source for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Property management services										
Modern Land Group	137,892	36.4	161,491	32.6	200,467	32.1	58,055	28.5	72,902	32.4
Other associates of our Controlling Shareholders(1)	11,474	3.0	20,882	4.2	31,449	5.0	8,697	4.3	5,667	2.5
Third-party developers	8,374	2.2	20,028	4.0	40,902	6.6	12,343	6.0	14,578	6.5
Subtotal	157,740	41.6	202,401	40.8	272,818	43.7	79,095	38.8	93,147	41.4
Green living solutions										
Modern Land Group	75,630	19.9	96,279	19.5	115,095	18.4	50,477	24.8	55,730	24.8
Other associates of our Controlling Shareholders(1)	13,532	3.6	12,018	2.4	12,892	2.1	3,370	1.7	3,775	1.7
Third-party developers	12,131	3.2	20,449	4.1	26,563	4.2	3,998	1.9	9,372	4.1
Subtotal	101,293	26.7	128,746	26.0	154,550	24.7	57,845	28.4	68,877	30.6
Value-added services										
Modern Land Group	99,757	26.4	124,813	25.2	128,691	20.6	47,954	23.5	40,658	18.1
Other associates of our Controlling Shareholders(1)	16,843	4.4	21,237	4.3	34,600	5.5	10,482	5.1	10,161	4.5
Third-party developers	3,580	0.9	18,334	3.7	34,020	5.5	8,443	4.2	12,017	5.4
Subtotal	120,180	31.7	164,384	33.2	197,311	31.6	66,879	32.8	62,836	28.0
Total	379,213	100.0	495,531	100.0	624,679	100.0	203,819	100.0	224,860	100.0

Note:

(1) Includes projects sourced from other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

With our property management and value-added services, we possess the ability to manage "green buildings", the term accorded to properties that have been awarded "Green Building Labels". According to CIA, "Green Building Labels" are one of the most prestigious metrics of the eco-friendliness of buildings within the PRC property management and property development industries. We also provide a range of green living solutions that allow us to assist our customers in developing and operating environmentally-friendly properties.

Our service portfolio allows us to cater to the needs of our customers as they arise, whether during the initial design and construction stages of property development, or during post-delivery property management. The following diagram sets forth the services we provided during the Track Record Period and their respective placement throughout various stages of the property life cycle:

	Initial design	Construction	Post-delivery [1]
Property management services			• Cleaning • Security • Gardening • Repairs and maintenance
Green living solutions	• Green technology consulting services, in relation to energy systems and "Green Building Labels"	• Systems installation services • Sales of our AIRDINO systems	• Energy operation services • Green technology consulting services, in relation to energy systems and "Green Building Labels" • Systems installation services • Sales of our AIRDINO systems
Value-added services	• Preliminary planning and design consultancy services — On-site design consulting	• Sales assistance services • Preliminary planning and design consultancy service — Construction stage inspection • Preliminary planning and design consultancy services — Sales assistance consulting, pre-delivery inspection	• Parking space management services • Home living services • Communal area leasing services • Sales assistance services

Note:

(1) Post-delivery refers to the stage where the property developer has delivered the property for property management.

PROPERTY MANAGEMENT SERVICES

Overview

We have been providing property management services since 2001. During the Track Record Period, we managed all the projects sourced from Modern Land Group and other associates of our Controlling Shareholders, and began managing projects sourced from third-party developers from June 2016. On December 4, 2019, we entered into a master property management contract with Modern Land, under which we agreed to provide property management services to Modern Land Group (the "**Modern Land Master Property Management Agreement**"). The Modern Land Master Property Management Agreement became effective on January 1, 2020 and is valid until December 31, 2022.

We also entered into master property management agreements with each of Modern Investment and Super Land on September 28, 2020, both of which will be effective from the Listing Date and valid until December 31, 2022. We expect that, from time to time and as required, members of our Group will enter into individual property management contracts with members of each of Modern Land Group, Modern Investment Group and Super Land Group setting forth specific terms and conditions such as the type of property management services required, property management fees and terms of service. For more information, see "Connected Transactions".

As of December 31, 2017, 2018 and 2019 and April 30, 2020, our total GFA under management was 7.1 million sq.m., 10.6 million sq.m., 13.7 million sq.m. and 15.0 million sq.m., respectively. In 2017, 2018, 2019 and the four months ended April 30, 2020, revenue generated from property management services provided for projects sourced from Modern Land Group amounted to RMB137.9 million, RMB161.5 million, RMB200.5 million and RMB72.9 million, respectively, accounting for 87.4%, 79.8%, 73.5% and 78.3%, respectively, of our total revenue generated from property management services for those same periods. The table below sets forth a breakdown of our total number of property management projects for the periods indicated, and GFA under management as of the dates indicated, by project source:

	As of or for the year ended December 31,									As of or for the four months ended April 30, 2020		
	2017			2018			2019					
	No. of projects	GFA under management		No. of projects	GFA under management		No. of projects	GFA under management		No. of projects	GFA under management	
		sq.m. '000	%		sq.m. '000	%		sq.m. '000	%		sq.m. '000	%
Modern Land Group	40	5,567	78.5	45	6,797	64.4	57	8,734	63.8	63	9,685	64.4
Other associates of our Controlling Shareholders[1]	7	610	8.6	10	1,767	16.7	9	1,728	12.6	7	1,230	8.2
Third-party developers	10	914	12.9	19	1,997	18.9	28	3,228	23.6	29	4,118	27.4
Total	57	7,091	100.0	74	10,561	100.0	94	13,690	100.0	99	15,033	100.0

Note:

(1) Includes projects sourced from other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

We managed to increase our GFA under management for projects sourced from third-party developers at a CAGR of 88.6% from 0.9 million sq.m. as of December 31, 2017 to 3.2 million sq.m. as of December 31, 2019, and further to 4.1 million sq.m. as of April 30, 2020. We also experienced corresponding growth in revenue generated from property management projects sourced from third-party developers, from RMB8.4 million in 2017 to RMB40.9 million in 2019, and from RMB12.3 million for the four months ended April 30, 2019 to RMB14.6 million for the four months ended April 30, 2020. Such growth in GFA under management and revenue was primarily attributable to our continuous efforts to expand our business by competing and succeeding in more tender biddings.

In line with this trend, we were also able to increase our contracted GFA sourced from third-party developers at a CAGR of 89.5% from 2.7 million sq.m. as of December 31, 2017 to 9.7 million sq.m. as of December 31, 2019, and further to 10.2 million sq.m. as of April 30, 2020. The table below sets forth a breakdown of our number of contracted projects, contracted GFA and undelivered GFA as of the dates indicated, by project source:

	As of December 31,															As of April 30, 2020				
	2017					2018					2019									
	No. of projects[(1)]	Contracted GFA		Undelivered GFA		No. of projects[(1)]	Contracted GFA		Undelivered GFA		No. of projects[(1)]	Contracted GFA		Undelivered GFA		No. of projects[(1)]	Contracted GFA		Undelivered GFA	
		sq.m. '000	%	sq.m. '000	%		sq.m. '000	%	sq.m. '000	%		sq.m. '000	%	sq.m. '000	%		sq.m. '000	%	sq.m. '000	%
Modern Land Group	50	7,498	66.0	1,931	45.3	68	10,710	60.0	3,913	53.8	82	12,941	50.3	4,207	35.0	87	13,879	51.4	4,194	35.0
Other associates of our Controlling Shareholders	11	1,108	9.8	498	11.7	14	2,083	11.7	316	4.3	19	3,032	11.8	1,304	10.8	19	2,913	10.8	1,683	14.1
Third-party developers	22	2,749	24.2	1,835	43.0	36	5,042	28.3	3,045	41.9	64	9,748	37.9	6,520	54.2	67	10,215	37.8	6,097	50.9
Total	83	11,355	100.0	4,264	100.0	118	17,835	100.0	7,274	100.0	165	25,721	100.0	12,031	100.0	173	27,007	100.0	11,974	100.0

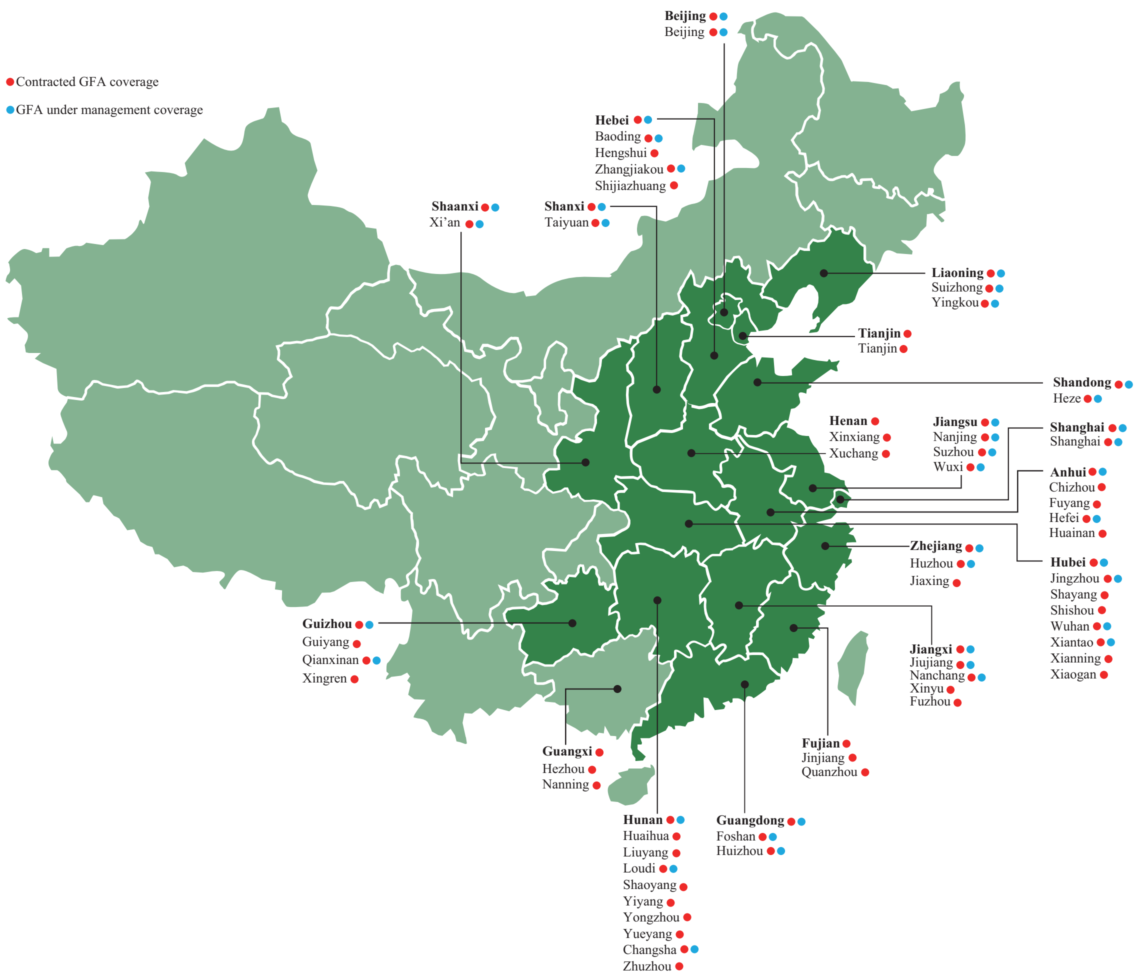
Note:

(1) Refers to the number of contracted projects.

As of April 30, 2020, our undelivered GFA was 12.0 million sq.m.

Our Geographic Presence

Since our inception, we expanded our geographic presence for contracted GFA to 52 cities across 19 provinces and municipalities, and for GFA under management to 24 cities across 15 provinces and municipalities. The map below illustrates our geographic coverage as of April 30, 2020:



As of April 30, 2020, we had 10.4 million sq.m., or 69.2%, of our GFA under management located in first-tier cities and provincial capitals. We also had 15.4 million sq.m., or 57.1%, of our contracted GFA located in first-tier cities and provincial capitals. The table below sets forth a breakdown of our number of contracted projects, contracted GFA, undelivered GFA and GFA under management as of the dates indicated, by province and municipality:

	As of December 31,												As of April 30,							
	2017				2018				2019				2019				2020			
	No. of projects	Contracted GFA	Undelivered GFA	GFA under management	No. of projects	Contracted GFA	Undelivered GFA	GFA under management	No. of projects	Contracted GFA	Undelivered GFA	GFA under management	No. of projects	Contracted GFA	Undelivered GFA	GFA under management	No. of projects	Contracted GFA	Undelivered GFA	GFA under management
		(sq.m. '000)				(sq.m. '000)				(sq.m. '000)				(sq.m. '000)				(sq.m. '000)		
Hunan province	18	2,437	624	1,813	23	3,191	864	2,327	35	4,775	2,301	2,474	24	3,391	1,064	2,327	36	4,964	2,543	2,421
Beijing municipality	17	2,026	293	1,733	18	2,037	293	1,744	21	2,557	584	1,973	19	2,348	509	1,839	22	2,699	726	1,973
Hubei province	8	1,461	588	873	12	2,150	1,106	1,044	16	3,025	1,146	1,879	15	2,724	1,680	1,044	16	3,025	1,146	1,879
Shaanxi province	3	357	152	206	6	1,368	147	1,222	6	1,513	302	1,211	6	1,513	302	1,211	6	1,513	302	1,211
Shanxi province	9	1,600	1,080	520	14	2,370	1,230	1,140	20	3,716	2,183	1,533	16	2,659	1,519	1,140	21	3,756	2,021	1,735
Jiangxi province	9	1,169	–	1,169	9	1,169	–	1,169	13	1,489	320	1,169	10	1,378	209	1,169	14	1,828	659	1,169
Anhui province	2	525	336	189	4	1,426	775	650	9	2,061	1,075	986	6	1,593	943	650	10	2,241	1,255	986
Liaoning province	2	254	105	149	2	254	105	149	5	947	229	718	3	470	105	365	5	947	229	718
Guangdong province	2	236	236	–	3	494	296	198	3	494	–	494	3	494	296	198	3	494	–	494
Shanghai municipality	6	411	46	365	7	440	–	440	8	489	49	440	7	440	–	440	8	489	49	440
Jiangsu province	4	240	165	74	6	447	160	287	7	528	133	395	7	528	241	287	8	535	132	403
Others(1)	3	639	639	–	14	2,489	2,298	191	22	4,127	3,709	418	16	2,970	2,779	191	24	4,516	2,912	1,604
Total	83	11,355	4,264	7,091	118	17,835	7,274	10,561	165	25,721	12,031	13,690	132	20,508	9,647	10,861	173	27,007	11,974	15,033

Note:

(1) Other provinces include Fujian province, Guangxi province, Guizhou province, Hebei province, Henan province, Shandong province, Tianjin municipality and Zhejiang province.

The table below sets forth a breakdown of our total revenue from property management services, by province and municipality, for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Beijing municipality	61,324	38.9	68,507	33.8	90,336	33.1	24,954	31.5	25,227	27.1
Hunan province	35,414	22.5	40,997	20.3	50,773	18.6	16,385	20.7	17,205	18.5
Shanxi province	18,923	12.0	23,025	11.4	29,537	10.8	8,941	11.3	11,031	11.8
Jiangxi province	19,683	12.5	22,251	11.0	25,183	9.2	8,733	11.0	8,052	8.6
Hubei province	13,960	8.9	16,425	8.1	21,535	7.9	6,692	8.5	9,723	10.4
Shanghai municipality	3,048	1.9	10,412	5.1	14,676	5.4	3,094	3.9	3,243	3.5
Anhui province	1,771	1.1	6,633	3.3	12,236	4.5	3,043	3.8	5,034	5.4
Jiangsu province	351	0.2	4,215	2.1	9,109	3.3	2,351	3.0	3,848	4.1
Shaanxi province	2,883	1.8	6,457	3.2	8,542	3.1	2,874	3.6	1,957	2.1
Liaoning province	383	0.2	2,711	1.3	4,799	1.8	1,240	1.6	3,364	3.6
Guangdong province	–	–	395	0.2	3,162	1.2	440	0.6	2,418	2.6
Others(1)	–	–	373	0.2	2,930	1.1	348	0.5	2,045	2.3
Total	157,740	100.0	202,401	100.0	272,818	100.0	79,095	100.0	93,147	100.0

Note:

(1) Other provinces include Guizhou province, Hebei province, Shandong province and Zhejiang province.

Scope of our Property Management Services

We provide the following major categories of property management services:

- *Cleaning.* We provide general cleaning and hygiene maintenance services to the communal areas of residential and non-residential properties, primarily through subcontractors.

- *Security.* We seek to ensure that the facilities we manage are safe and property end-users are secure from threats of personal harm. The security services we provide daily include, among others, traffic management, patrolling, video surveillance, emergency response and fire safety management. We provide our security services primarily through subcontractors, who integrate the use of technological solutions such as surveillance cameras and electronic access control systems.

- *Gardening.* Our gardening services include pruning, fertilizing and pest control and are provided primarily through subcontractors.

- *Repair and maintenance.* We are generally responsible for ensuring that communal facilities and equipment are in good working order. We provide repair and maintenance services through our own employees, but outsource repair and maintenance of facilities that require specialized knowledge to subcontractors, such as elevators and fire extinguishing systems.

While providing our property management services, we liaise with individual property owners and residents to respond to repairs and maintenance requests and record complaints and feedback. For more information, see "— Quality Control — Feedback and Complaint Management" in this section.

Types of Properties under Management

We manage residential and non-residential properties. The non-residential properties under our management primarily include office buildings, government facilities, hotels and shopping centers. The table below sets forth a breakdown of our total GFA under management by property type as of the dates indicated, and revenue generated from our property management services by property type for the periods indicated:

	As of or for the year ended December 31,									As of or for the four months ended April 30,					
	2017			2018			2019			2019			2020		
	GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue	
	sq.m. '000	RMB'000	%	sq.m. '000	RMB'000	%	sq.m. '000	RMB'000	%	sq.m. '000	RMB'000 (Unaudited)	%	sq.m. '000	RMB'000	%
Residential properties	6,925	153,459	97.3	10,329	192,847	95.3	13,203	258,220	94.6	10,649	76,980	97.3	14,539	90,199	96.8
Non-residential properties	166	4,281	2.7	232	9,554	4.7	487	14,598	5.4	212	2,115	2.7	494	2,948	3.2
Total	7,091	157,740	100.0	10,561	202,401	100.0	13,690	272,818	100.0	10,861	79,095	100.0	15,033	93,147	100.0

During the Track Record Period, a substantial portion of our revenue from property management services was generated from residential properties and the remainder from non-residential properties. While continuing to focus on property management for residential properties, we have sought to diversify our portfolio by contracting to manage a wider range of non-residential properties. We have contracted to manage various office buildings and government facilities, such as the Jiangxi Province Nanchang Public Security Bureau Building (江西省南昌市公安局新建分局綜合大樓) in June 2017, the Channel 553 State Administration of Press, Publication, Radio, Film and Television of the PRC (國家新聞出版廣電總局五五三台) in October 2017 and the Changsha Evening News Group Office Park (長沙晚報報業集團辦公區) in May 2019. As a result of our diversification efforts, revenue we generated from managing non-residential properties increased by a CAGR of 84.3% from RMB4.3 million in 2017 to RMB14.6 million in 2019 and increased by 8.1% from RMB2.1 million for the four months ended April 30, 2019 to RMB2.9 million for the four months ended April 30, 2020. We believe the experience and recognition we gained from managing a diversified range of non-residential properties will enable us to further expand our portfolio of properties under management and grow our customer base.

Growth of our GFA under Management and Contracted GFA

We grew our portfolio of properties under management during the Track Record Period primarily by obtaining new property management contracts. As of December 31, 2017, 2018 and 2019 and April 30, 2020, our contracted GFA amounted to 11.4 million sq.m., 17.8 million sq.m., 25.7 million sq.m. and 27.0 million sq.m., respectively, which comprised of 83, 118, 165 and 173 contracted projects, respectively. The table below indicates the movement of our number of contracted projects, contracted GFA, undelivered GFA and GFA under management during the Track Record Period:

	As of December 31,												As of April 30,			
	2017				2018				2019				2020			
	No. of projects	Contracted GFA	Undelivered GFA	GFA under management	No. of projects	Contracted GFA	Undelivered GFA	GFA under management	No. of projects	Contracted GFA	Undelivered GFA	GFA under management	No. of projects	Contracted GFA	Undelivered GFA	GFA under management
			(sq.m. '000)				(sq.m. '000)				(sq.m. '000)				(sq.m. '000)	
At the beginning of the year/period	58	7,859	2,498	5,361	83	11,355	4,264	7,091	118	17,835	7,274	10,561	165	25,721	12,031	13,690
New engagements[(1)]	25	3,496	1,766	1,730	37	6,681	3,010	3,671	50	7,998	4,757	3,241	9	1,338	(57)	1,395
Terminations[(2)]																
Preliminary stage	–	–	–	–	(1)	(146)	–	(146)	(1)	(91)	–	(91)	(1)	(52)	–	(52)
Property owner association stage	–	–	–	–	(1)	(55)	–	(55)	(2)	(21)	–	(21)	–	–	–	–
Subtotal	–	–	–	–	(2)	(201)	–	(201)	(3)	(112)	–	(112)	(1)	(52)	–	(52)
As of the end of the year/period	83	11,355	4,264	7,091	118	17,835	7,274	10,561	165	25,721	12,031	13,690	173	27,007	11,974	15,033

Notes:

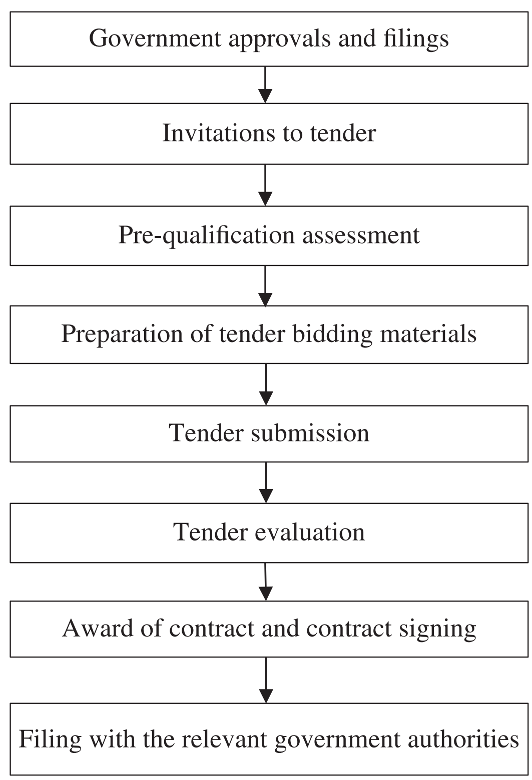
(1) In relation to residential communities we manage, new engagements primarily include preliminary management contracts for new projects sourced from property developers and property management contracts for residential communities replacing their previous property management companies.

(2) These terminations include instances where we terminated certain property management projects that were loss-making or at risk of being loss-making, in order to reallocate our resources to more profitable engagements. Save for two projects that were terminated in 2019, we did not have any disagreements with property developers, property owners and/or property owner associations in relation to our terminated projects. The disagreements pertaining to the two projects we terminated in 2019 related to our customers' inability to pay fees for our property management and value-added services in a timely manner, due to lack of funds. For more information, see "— Property Management Services — Retention Rates".

The Tender Bidding Process

Tender bidding is a competitive process during which property developers or property owner associations evaluate and select property management companies out of multiple candidates. Invitations to tender are usually issued by property developers for properties under development, or from property owner associations who wish to replace the property management service provider for their residential communities. Under PRC laws and regulations, we are required to obtain preliminary management contracts for residential properties through tender bidding. We do not need to undergo tender bidding when we negotiate with customers directly for renewal of existing contracts. For more information, see "Regulatory Overview — Regulations on Property Management Service and Other Related Services — Regulations on Appointing the Property Management Enterprise".

The flow chart below sets forth the various stages of a typical tender bidding process:



Tender bidding typically involves the following stages:

- *Government approvals and filings.* The tenderee, typically a property developer or property owner association, will initiate procedures to obtain government approvals and make relevant government filings for organizing a tender bidding.

- *Invitations to tender.* The tenderee will invite property management companies to participate in the tender bidding, through means such as publishing an announcement on its website. Such invitations will set forth details on, among others, the property management projects and required information in tender bidding materials.

- *Pre-qualification assessment.* The tenderee will assess pre-qualification applications submitted by property management companies. Only property management companies who pass the pre-qualification assessment may participate in the tender bidding.

- *Preparation of tender bidding materials.* Property management companies that passed the pre-qualification assessment will prepare tender bidding materials highlighting their competitive strengths. Tender bidding materials will also generally contain plans for property management, pricing proposals and other required information as specified in the tender invitation.

- *Tender submission.* Property management companies will submit tender bidding materials to the tenderee.

- *Tender evaluation.* The tenderee establishes a tender evaluation committee to review the submitted tender bidding materials. The tender evaluation process and the composition of the tender evaluation committee must comply with the requirements of relevant PRC laws and regulations. In evaluating the tender bidding materials, the tender evaluation committee will take into account factors such as credentials, service quality, capital sufficiency and prices. The results of the tender bidding will be published upon completion of the tender evaluation process.

- *Award of contract and contract signing.* Once the results of the tender bidding are published, the successful property management company and tenderee will enter into a property management contract.

- *Filing with the relevant government authorities.* The tenderee is expected to file the results of the tender bidding with relevant government authorities.

During the Track Record Period, we obtained all of our preliminary management contracts for residential properties through tender bidding. We undergo the same standard tender bidding process subject to PRC laws and regulations when obtaining service engagements from Modern Land Group and other associates of our Controlling Shareholders as we do when obtaining service engagements from third-party developers. Thus, in compliance with PRC laws and regulations, we compete with other property management companies in tender biddings for projects sourced from Modern Land Group and other associates of our Controlling Shareholders. In each of 2017, 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date, our tender success rates for property management projects sourced from Modern Land Group and other associates of our Controlling Shareholders were 100.0%. Such high tender success rates with respect to property management projects sourced from Modern Land Group and other associates of our Controlling Shareholders during the Track Record Period were primarily attributable to (i) our commitment to provide environmentally-friendly property management services, (ii) our history of collaboration with Modern Land Group and other associates of our Controlling Shareholders, which has not only built trust in our services but reduced costs related to communication and coordination, and (iii) the fact that we both seek to promulgate the same core values, which has enabled us to better understand and meet the standards expected by Modern Land Group and other associates of our Controlling Shareholders.

In 2017, 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date, we submitted a total of 20, 28, 53, seven and 35 tender bids for property management projects sourced from third-party developers, respectively, and our tender success rates for the same periods were 65.0%, 57.1%, 56.6%, 57.1% and 65.7%, respectively. Our tender success rate with respect to property management projects sourced from third-party developers decreased between 2017 and 2018, primarily because we increased the number of tender bids submitted to third-party developers. Such tender success rates remained stable between 2018 and 2019, although we substantially increased the number of tender bids submitted to third-party developers by 89.3%. We believe the improvement in our tender success rates for property management projects sourced from third-party developers in 2020 is the result of our continuing aggressive efforts to diversify our customer base, and underscores our general success in expanding our appeal.

Retention Rates

Retention rates for our property management services business line take into account voluntary withdrawal from loss-making, or potentially loss-making, property management projects before the relevant property management contracts expire. They also take into account preliminary management contracts without fixed terms and preliminary management contracts with fixed terms but for which property owner associations had not been established. In 2017, 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date, our retention rates (calculated as the aggregate number of properties under management at the beginning of the period minus the number of properties we ceased to manage during the same period, then divided by the aggregate number of properties under management at the beginning of the period) for our overall property management portfolio were 100.0%, 98.2%, 97.3%, 98.9% and 97.9%, respectively. These retention rates were slightly lower than 100.0% in 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date, primarily because we voluntarily withdrew from two, three, one and two property management project(s) in 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date, respectively. During the Track Record Period and up to the Latest Practicable Date, no property developer, property owner or property owner association proposed to terminate our property management contracts. We renewed one out of two of the fixed-term property management contracts that expired during the four months ended April 30, 2020. We opted not to renew the other expired fixed-term property management contract, as the relevant property management project was at risk of being loss-making.

Our retention rates with respect to projects sourced from Modern Land Group were 100.0% in each of 2017, 2018, 2019, the four months ended April 30, 2020 and the period ended as of the Latest Practicable Date. With respect to projects sourced from other associates of our Controlling Shareholders, our retention rates were 100.0%, 100.0%, 90.0%, 100.0% and 100.0%, respectively, in the same periods, while our retention rates for projects sourced from third-party developers were 100.0%, 90.0%, 94.7%, 96.4% and 92.9%, respectively, in the same periods.

We terminated certain property management projects during the Track Record Period because they were loss-making or at risk of being loss-making, and sought to reallocate our resources to more profitable engagements. Save for two projects that were terminated in 2019, we did not have any disagreements with property developers, property owners and/or property owner associations for our terminated projects. The disagreements pertaining to the two projects we terminated in 2019 related to our customers' inability to pay fees for our property management and value-added services in a timely manner, due to lack of funds.

Property Management Fees

During the Track Record Period, substantially all of our property management fees were charged on a lump sum basis, with the remainder charged on a commission basis. In 2017, 2018, 2019 and the four months ended April 30, 2019 and 2020, 99.8%, 99.8%, 99.9%, 99.9% and 99.9% of our revenue was charged on a lump sum basis, respectively, while 0.2%, 0.2%, 0.1%, 0.1% and 0.1% of our revenue was charged on a commission basis for the same periods, respectively. As of December 31, 2017, 2018 and 2019 and April 30, 2019 and 2020, 97.5%, 98.8%, 99.1%, 98.9% and 99.2% of our total GFA under management was managed on a lump sum basis, respectively, while 2.5%, 1.2%, 0.9%, 1.1% and 0.8% of our total GFA under management was managed on a commission basis, respectively.

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

	As of or for the year ended December 31,									As of or for the four months ended April 30,					
	2017			2018			2019			2019			2020		
	GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue		GFA under management	Revenue	
	sq.m. '000	RMB'000	%	sq.m. '000	RMB'000	%	sq.m. '000	RMB'000	%	sq.m. '000	RMB'000 (Unaudited)	%	sq.m. '000	RMB'000	%
Lump sum basis[(1)]	6,914	157,407	99.8	10,439	202,087	99.8	13,568	272,457	99.9	10,739	78,991	99.9	14,911	93,052	99.9
Commission basis	177	333	0.2	122	314	0.2	122	361	0.1	122	104	0.1	122	95	0.1
Total	7,091	157,740	100.0	10,561	202,401	100.0	13,690	272,818	100.0	10,861	79,095	100.0	15,033	93,147	100.0

Note:

(1) During the Track Record Period, we had eight projects which we agreed to manage on the commission basis under the original property management contracts. However, we in fact charged the customers of these projects on a lump sum basis, did not charge additional amounts from them when our cost of sales was higher than anticipated, and did not set off any surplus amount against the property management fees due in the next year. This was primarily because we faced challenges while implementing the commission basis in connection with opening shared bank accounts with property owners or property owner associations. In practice, this required the participation of property owner associations, which were not established for any of the aforementioned eight projects. For more information, and for details of the two revenue models, see "— Property Management Fees — Property Management Fees Charged on a Lump Sum Basis" and "— Property Management Fees — Property Management Fees Charged on a Commission Basis" in this section. During the Track Record Period and up to the Latest Practicable Date, we made announcements to the property owners and residents of these projects periodically on our cost of sales with respect to the property

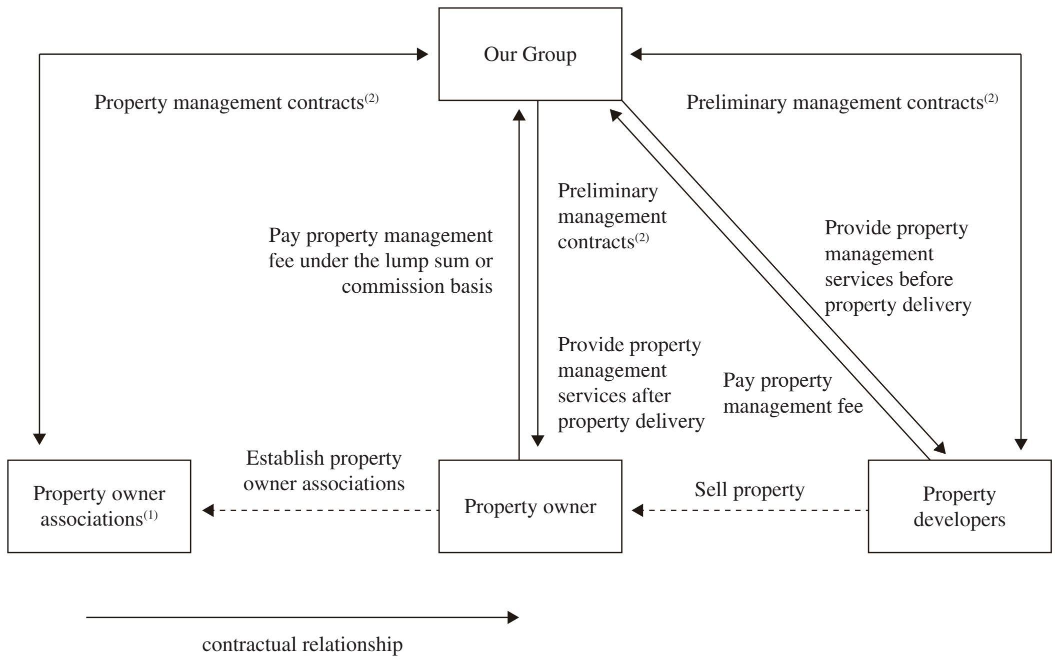
management services we provided and the property management fees we collected. As of the Latest Practicable Date, we did not receive any claim from these customers that we deviated from the agreed revenue model provided in the original property management contracts. As advised by our PRC Legal Advisor, based on the facts above, given that no customer has objected to the change of revenue model subsequent to the publication of periodical announcements, the revenue model in the original property management contracts with respect to these projects was impliedly amended and effectively changed from the commission basis to lump sum basis by virtue of the conduct of our Company and our customers, and such change is not in violation of any applicable PRC laws and regulations.

We take into account a number of factors in determining our property management fees, including local regulations, personalized requirements specified by property developers or property owner associations, local market conditions and the nature and characteristics of individual properties, among others. We assess prospective customers by evaluating key factors such as estimated cost of sales, historical fee collection rates, projected profitability as well as whether the property was previously managed on a lump sum or commission basis.

The following sets forth a summary of the material differences between charging property management fees under the lump sum and commission basis revenue models:

	Lump sum basis	Commission basis
Revenue recognition	We recognize the full amount of our property management fees paid by property developers, property owners and/or residents as revenue.	We recognize a pre-determined percentage of our property management fees paid by property developers, property owners and/or 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 property management fees and costs incurred in our provision of property management services	If the amount of property management fees received is not sufficient to cover the costs incurred, we are not entitled to request 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 the costs incurred. Any shortfall or surplus is assumed by property developers, property owners and/or residents.

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



Notes:

(1) A property owner association is authorized under PRC law to act on behalf of the property owners.

(2) Our customers engage us under preliminary management contracts and property management contracts. For more information on the distinction between the two types of agreements, see "— Property Management Services — Property Management Contracts — Key Terms of Dealing with Property Developers" in this section.

Property Management Fees Charged on a Lump Sum Basis

Under the lump sum basis revenue model, we charge a fixed, all-inclusive fee for our property management services, which we provide through our own employees and subcontractors and is settled in advance annually, semi-annually, quarterly or monthly, depending on the terms of our property management contracts. We are entitled to retain the full amount of property management fees collected from property developers, property owners and residents (as applicable) as revenue and bear the costs incurred in providing our property management services. According to CIA, the lump sum basis revenue model is the dominant method of collecting property management fees in China, especially in relation to residential properties.

Prior to negotiating and entering into our property management contracts, we seek to form, as accurately as possible, estimates as to our cost of sales. Our cost of sales include expenses associated with, among others, labor and subcontracting costs, utility costs and repair and maintenance of common areas. As we bear such expenses ourselves, our profit margins are affected by our ability to manage our cost of sales. In the event that our cost of sales is higher than anticipated, we would not be able to collect additional amounts from our customers to sustain our profit margins. For more information, 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". We generally deal with unexpected increases in our cost of sales in the short term by reducing the resources invested into managing those properties. We will consider not renewing property management contracts for which we are consistently unable to generate profit over an extended period of time. Further, we have implemented various technological initiatives, internal control policies and standardized procedures to streamline and reduce our costs. For more information, see "— Our Green Technologies" in this section.

In 2017, 2018, 2019 and the four months ended April 30, 2020, we incurred losses in relation to projects managed on a lump sum basis in the aggregate amounts of RMB1.9 million, RMB0.6 million, RMB1.0 million and RMB1.5 million, respectively, for six, three, four and five projects, respectively, among which two, two, two and four were projects sourced from third-party developers and four, one, two, one were projects sourced from Modern Land Group and other associates of our Controlling Shareholders. In 2017, 2018, 2019 and the four months ended April 30, 2020, revenue generated from loss-making projects sourced from third-party developers accounted for 18.6%, 5.4%, 4.9% and 14.3% of the total revenue generated from projects sourced from third-party developers, respectively; and revenue generated from loss-making projects sourced from Modern Land Group and other associates of our Controlling Shareholders accounted for 4.5%, 0.7%, 0.3% and 0.3% of the total number of projects sourced from Modern Land Group and other associates of our Controlling Shareholders, respectively. We incurred these losses primarily because our costs were relatively significant in the early stages of delivery.

Property Management Fees Charged on a Commission Basis

Under the commission basis revenue model, we collect in advance a predetermined percentage of the total amount of property management fees payable by our customers. 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. Effectively, these costs are being borne by property developers, property owners and residents (as applicable). We are not entitled to collect any surplus of property management fees left over from covering the costs incurred in providing property management services. While implementing the commission basis revenue model, we essentially act as an agent of property developers, property owners and residents.

During the Track Record Period, we had eight projects which we agreed to manage on the commission basis under the original property management contracts. However, we in fact charged the customers of these projects on a lump sum basis, did not charge additional amounts from them when our cost of sales was higher than anticipated, and did not set off any surplus amount against the property management fees due in the next year. This was primarily because at the time of concluding the property management contracts, we failed to fully anticipate and prepare for certain implementation issues due to our lack of experience with the commission basis. For example, as confirmed by CIA, one common industry practice in applying this revenue model is to establish a shared bank account with property owners or property owner associations for managing our collected property management fees, to facilitate transparency and avoid potential disputes. Under our bank account and cash management policy, we require the establishment of a shared bank account with property owners or property owner associations while implementing the commission basis revenue model. In certain provinces and municipalities, the establishment of such a shared bank account is also a requirement under applicable PRC laws and regulations. However, in practice, the opening of a shared bank account requires the establishment and consent of property owner associations. Either due to lack of interest and participation from property owners, or because there were not enough property owners to vote for the purpose, no property owner associations were established for any of the aforementioned eight projects. Such implementation challenges ultimately led us to apply the lump sum basis, contrary to our original intention.

If we had managed those eight projects on the commission basis, we would have recorded decreases in our revenue of RMB33.2 million, RMB33.5 million, RMB34.1 million and RMB12.5 million in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively, as well as corresponding decreases in our gross profit by RMB2.0 million, RMB5.1 million, RMB1.5 million and RMB2.9 million, respectively, for those same periods. Additionally, we would have recognized increases in our net profit by RMB2.7 million and RMB3.2 million in 2017 and 2019, respectively, as well as decreases in our net profit by RMB0.1 million and RMB0.7 million in 2018 and the four months ended April 30, 2020, respectively. This is because we would have only recognized a pre-determined percentage of the property management fees paid by property developers, property owners and/or residents as revenue under the commission basis, rather than recognizing the full amount of property management fees, relevant costs and expenses incurred in providing our services, as we did while managing those eight projects on the lump sum basis. The change in revenue model had no impact on our cash flow position during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we made announcements to the property owners and residents of these projects periodically on our cost of sales with respect to property management services we provided and the property management fees we collected. As of the Latest Practicable Date, we did not receive any claim from these customers that we deviated from the agreed revenue model provided in the original property management contracts. As advised by our PRC Legal Advisor, based on the facts above, given that no customer has objected to the change of revenue model subsequent to the publication of periodical announcements, the revenue model in the original property management contracts with respect to these projects was impliedly amended and effectively changed from the commission basis to lump sum basis by virtue of the conduct of our Company and our customers, and such change is not in violation of any applicable PRC laws and regulations.

Property Management Contracts

We typically enter into preliminary management contracts with property developers during the initial stages of property development projects. When individual units of residential properties are sold during pre-sale, we will also enter into preliminary management contracts with property owners as a precautionary measure. Such preliminary management contracts allow us to establish a formal contractual relationship with the party responsible for paying property management fees.

Once property owner associations have been established in residential communities, we enter into property management contracts with property owner associations after a property owners' meeting has been held to approve the terms of our engagement. Property owner associations represent property owners in residential communities. For non-residential properties, we enter into property management contracts with their property owners. During the Track Record Period, a majority of our revenue from property management services was generated from preliminary management contracts entered into with property developers.

We did not effect transfers of our property management projects from the preliminary association stage to the property owner association stage during the Track Record Period, as we did not enter into service engagements with newly established property owner associations for residential communities that we were already servicing under preliminary management contracts. The table below sets forth a breakdown of our total number of property management projects and GFA under management as of the dates indicated, and revenue generated from property management services by stage for the periods indicated:

	As of or for the year ended December 31,												As of or for the four months ended April 30,							
	2017				2018				2019				2019				2020			
	No. of projects	GFA under management	Revenue		No. of projects	GFA under management	Revenue		No. of projects	GFA under management	Revenue		No. of projects	GFA under management	Revenue		No. of projects	GFA under management	Revenue	
		sq.m. '000	RMB'000	%		sq.m. '000	RMB'000	%		sq.m. '000	RMB'000	%		sq.m. '000	RMB'000 (Unaudited)	%		sq.m. '000	RMB'000	%
Preliminary stage[(1)]	47	6,404	151,501	96.0	63	9,843	189,358	93.6	81	12,784	245,245	89.9	64	10,059	72,775	92.0	85	14,120	85,523	91.8
Property owner association stage[(2)]	10	687	6,239	4.0	11	718	13,043	6.4	13	906	27,572	10.1	10	802	6,320	8.0	14	913	7,624	8.2
Total	57	7,091	157,740	100.0	74	10,561	202,401	100.0	94	13,690	272,818	100.0	74	10,861	79,095	100.0	99	15,033	93,148	100.0

Notes:

(1) Includes property management projects where we provided services pursuant to preliminary management contracts signed with property developers. For more information, see "— Property Management Services — Property Management Contracts — Key Terms of Dealing with Property Developers" in this section.

(2) Includes (i) property management projects where we provided services pursuant to the terms of property management contracts signed with property owner associations for residential properties and property owners for non-residential properties; and (ii) property management projects where we continued to provide services pursuant to fixed-term preliminary management contracts that expired and property owner associations have been established. For more information, see "— Property Management Services — Property Management Contracts — Key Terms of Dealing with Property Developers" in this section.

The table below sets forth a breakdown of our property management projects and GFA under management at the preliminary stage by contracts with and without fixed terms as of the dates indicated, and the retention rate for each type of project for the periods indicated:

	As of or for the year ended December 31,									As of or for the four months ended April 30,					
	2017			2018			2019			2019			2020		
	No. of projects	GFA under management	Retention rate	No. of projects	GFA under management	Retention rate	No. of projects	GFA under management	Retention rate	No. of projects	GFA under management	Retention rate	No. of projects	GFA under management	Retention rate
		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%
Non-fixed term preliminary management contracts	45	6,077	100.0	58	9,016	100.0	70	10,990	100.0	59	9,232	100.0	74	12,208	100.0
Fixed-term preliminary management contracts	2	327	100.0	5	827	100.0	11	1,794	100.0	5	827	100.0	11	1,912	90.9
Total/overall	47	6,404	100.0	63	9,843	100.0	81	12,784	100.0	64	10,059	100.0	85	14,120	98.8

The table below sets forth the expiration schedule of our property management contracts as of April 30, 2020:

	Contracted GFA	GFA under management	Undelivered GFA
		(sq.m. '000)	
Preliminary management contracts[1]	21,716	12,208	9,509
Property management contracts with fixed terms expiring in			
Year ending December 31, 2020	699	357	342
Year ending December 31, 2021	1,215	880	335
Year ending December 31, 2022	1,650	728	922
Year ending December 31, 2023 and beyond	1,727	860	866
Subtotal	5,291	2,825	2,465
Total	27,007	15,033	11,974

Note:

(1) Preliminary management contracts will automatically terminate when a property owner association is established and enters into a property management contract with a formally-appointed property management service provider. Under the Regulations on Property Management (物業管理條例), preliminary management contracts may also be terminated if more than half of the property owners who own over half of the total construction area of buildings vote to do so at a property owners' meeting.

Key Terms of Dealing with Property Developers

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

- *Scope of services.* Typically, we agree to provide property management services to communal areas and facilities, including cleaning, security, gardening and repair and maintenance. The preliminary management contract will also provide for the possibility of entering into separate agreements for the provision of value-added services that may be requested from time to time. We may also agree to provide energy operation services and value-added services in our preliminary management contracts. For more information, see "— Green Living Solutions — Energy Operation Services — Contracts for our Energy Operation Services" and "— Value-Added Services" in this section.

- *Performance scope and standards.* The preliminary management contract would set forth the areas for which our services are required and the expected quality standards.

- *Property management fees.* The preliminary management contract 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 residential units that remain unsold. For overdue property management fees, property developers pay a penalty equal to a daily-accumulating surcharge at a certain percentage of the overdue amount. If we have agreed to manage the car parks, the preliminary management contract will also specify the fees payable for such services.

- *Property developer's obligations.* The property developer is generally responsible for, among others, ensuring the timely payment of property management fees and reviewing plans and budgets that we may draw up in relation to our services. The property developer is also responsible for resolving property quality issues that are the result of, and outstanding from, the construction stage.

- *Term of service.* Our preliminary management contracts will generally specify that they automatically terminate when a property owner association is established and enters into a property management contract with a formally-appointed property management service provider. For preliminary management contracts that have fixed terms, which are generally within five years in length, both parties agree that we may negotiate for renewal of the preliminary management contract if no property owner association has been established within an agreed amount of time after the expiry date.

After delivery of the properties by property developers to the property owners, property owners may form and operate property owner associations to manage the properties. The establishment of a property owner association is subject to votes by relevant property owners in their general meetings, and such meetings shall be held upon application by the property owners constituting a quorum and under the guidance of relevant government authorities, as stipulated in the Property Law of the PRC (中華人民共和國物權法), the Regulation on Property Management (物業管理條例) and the Guidance Rules on Property Owners' Meeting and Property (業主大會和業主委員會指導規則). As advised by our PRC Legal Advisor, 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**"), which was promulgated by the Supreme People's Court on May 15, 2009 and came into effect on October 1, 2009, a preliminary management contract legally entered into between property developers and property management companies in accordance with the PRC laws and regulations is legally binding on subsequent property owners. According to the Interpretations, where any property owner contends that the preliminary management contract is not applicable on grounds that he/she is not a party to the agreement, the relevant People's Court shall not uphold such a claim. Moreover, according to the Regulations on Property Management (2018 revision) (物業管理條例) (2018年修正) (the "**Regulations on Property Management**"), sales contracts concluded between property developers and buyers shall include the contents of the relevant property management contract.

In addition, according to the Regulations on Property Management, 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 owner general meeting and the property owner association. Thus, as advised by our PRC Legal Advisor, there is no compulsory requirement for property owners to form property owners' associations under the PRC Property Law and relevant PRC laws and regulations. As for properties which have no property owner 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 projects by property developers to such property owners.

Once our fixed-term preliminary management agreements have expired, we may negotiate with the newly-formed property owner associations to enter into new property management contracts. If no property owner association has been formed, or we have not entered into a new property management contract with the property owner association, or the property owners did not appoint any new property management service provider and we continued to provide property management services, the fixed-term preliminary management agreement will typically be automatically renewed until the property owner association enters into a property management contract with a newly-appointed property management service provider. In cases where we have signed preliminary management contracts without fixed terms, and no property owner association is formed after delivery of the properties, property owners and residents are legally obligated to pay property management fees directly to us for the services we continue to render. Regardless of whether they were signed with or without fixed terms, preliminary management contracts will be terminated when a property owner association has been established and enters into a property management contract with a formally-appointed property management service provider. During the Track Record Period, we continued providing property management services pursuant to preliminary management contracts without fixed terms after properties were delivered to property owners, as property owner associations had not been established in most cases. Only two of our property management projects had established property owner associations in May and November 2019. As of April 30, 2020, we continued providing property management services pursuant to preliminary management contracts without fixed terms to those property management projects, while their property owner associations were preparing to hold property owners' meetings where they would formally appoint their property management service provider.

As of the Latest Practicable Date, ten residential communities under our management had established property owner associations, accounting for 10.1% of the total number of residential communities under our management. The property owner associations are independent from us. In order to continue maintaining and securing property management contracts service engagements, we must consistently provide quality services at competitive prices. According to the Regulations on Property Management, property owners may hire or dismiss property management service providers and terminate preliminary management contracts by votes from more than half of the property owners who own over half of the total construction area of buildings at a property owners' meeting, regardless of whether property owner associations are in existence. The property owner association may either hire a new property management service provider through tender bidding or select one based on specific standards to do with terms and conditions of service, quality and price. For more information, see "Regulatory Overview — Regulations on Property Management Service and Other Related Services — Regulations on Appointing the Property Management Enterprise". Our property management service engagements had never been terminated by votes from more than half of the property owners during the Track Record Period and as of the Latest Practicable Date.

Key Terms of Dealing with Property Owners

Our property management contracts with property owner associations and property owners, as well as our preliminary management contracts with property owners, typically include the following key terms:

- *Scope of services.* Typically, we agree to provide general property management services to communal areas and facilities, including cleaning, security, gardening and repair and maintenance. We may also agree to provide energy operation services and value-added services in our preliminary management contracts with property owners. For more information, see "— Green Living Solutions — Contracts for our Energy Operation Services" and "— Value-Added Services" in this section.

- *Performance scope and standards.* The property management contract would set forth the areas for which our services are required and the expected quality standards.

- *Property management fees.* The property management fee would be payable either on a lump sum or commission basis. 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 a penalty equal to a daily-accumulating surcharge at a certain percentage of the overdue amount. We may also include a term providing for the possibility that the property management fee may be charged on a commission basis in the future, pending negotiations between the parties.

- *Rights and obligations of property owners and residents.* The property owner association's primary role is to manage our provision of services. Thus, they are granted the right to supervise our use of public funds, supervise our management of communal areas and evaluate us on an annual basis in our property management contracts. Property owner associations also have the right to organize property owners' meetings and discuss issues related to property management. In preliminary management contracts signed with individual property owners, we are authorized to manage communal areas and apply public funds towards the upkeep and maintenance of communal areas.

- *Terms of service.* Property management contracts with property owner associations typically have terms of two or three years, while preliminary management contracts with individual property owners are typically valid up until a property owner association has been established for their residential community and enters into a property management contract with a formally-appointed property management service provider.

Under PRC law, property owner associations represent the interests of property owners in matters concerning property management. The property owner association's decisions are binding on all property owners. Contracts between property owner associations and property management companies 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 are required under PRC law to settle all outstanding property management fees to us before selling their properties. In cases where properties have been leased out, property owners are jointly liable with their tenants for the payment of property management fees.

Our Pricing Policy

We generally price our services by taking into account factors such as requirements under applicable laws and regulations, characteristics and locations of the properties, the contracted scope of services and expected quality standards, our local brand recognition and expected costs. We regularly evaluate our financial information to ensure we are collecting sufficient property management fees to sustain our profit margins. 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 mandated by the PRC Government. In December 2014, the NDRC issued the Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services (國家發展改革委關於放開部分服務價格意見的通知) (the "**Circular**"), which required provincial-level price administration authorities to abolish all pricing control or guidance policies on residential properties, with certain exceptions. The Circular canceled pricing controls on property management services provided to non-government-supported houses, including fees charged by property management companies for the (i) maintenance, conservation and management of non-government-supported houses, their supporting facilities and equipment and the relevant sites thereof, (ii) maintaining the environment, sanitation, and order within the geographical scope of the managed properties as agreed upon in the property management contract and (iii) other services provided to property owners in accordance with the property management contracts. The provincial pricing 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. In decontrolling the charges of property management services for government-supported houses and implementing market-regulated prices, the relevant authorities shall take into account the spending power of the supported subjects and establish subsidy mechanisms.

The government-imposed pricing controls on property management fees may continue to relax over time pursuant to the Circular and we believe that its implementing regulations will allow us greater flexibility in our future pricing. However, the property management fees we charge, such as those for preliminary management contracts, may still be subject to pricing guidance imposed by local governments. Such pricing guidance may vary across regions in China and we expect our profitability will continue to be affected in part by the applicable local policies.

Additionally, according to the Measures on the Charges of Property Management Enterprise (物業服務收費管理辦法), property management fees charged shall be determined with reference 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 province, autonomous region and municipality. For more information, see "Regulatory Overview — Regulations on Property Management Services and Other Related Services — Regulations on the Fees Charged by Property Management Enterprise". During the Track Record Period, we complied with the PRC laws and regulations relevant to pricing controls in charging property management fees for our services. According to CIA, during the Track Record Period, our property management fees were generally in line with the market trends respecting property management fees charged by PRC property management companies.

Under the relevant PRC laws and regulations, property management companies can negotiate with property owners to raise property management fees upon contract renewal or through obtaining approval from the requisite number of property owners under applicable PRC laws and regulations. The existence of property owner associations therefore facilitates the efforts of property management companies to raise fees as it allows them to negotiate with a single body rather than numerous property owners. During the Track Record Period, we were able to raise property management fees for one loss-making property management project in compliance with PRC laws and regulations. In 2017, 2018, 2019 and the four months ended April 30, 2019 and 2020, our average property management fee rates for residential properties, which accounted for 97.7%, 97.8%, 96.4%, 98.0% and 96.7% of our total GFA under management as of December 31, 2017, 2018 and 2019 and April 30, 2019 and 2020, respectively, were RMB2.53 per sq.m. per month, RMB2.42 per sq.m. per month, RMB2.35 per sq.m. per month, RMB2.34 per sq.m. per month and RMB2.28 per sq.m. per month, respectively, for the same periods. We experienced a decreasing trend in our average property management fee rates for residential properties throughout the Track Record Period, primarily because as we expanded into cities such as Hefei, Taiyuan, Xi'an, Heze and Xingyi, we charged lower fees for our property management services (particularly when our new property management projects were located in their peripheral areas) in comparison to what we may charge in first- and second-tier cities. For more information, see "Financial Information — Description of Certain Components of our Combined Statements of Profit or Loss and Other Comprehensive Income — Revenue — Revenue by Business Line — Property Management Services". For more information on the risks associated with setting and charging property management fees, 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".

Payment and Credit Terms

We generally charge and collect in advance property management fees on an annual, semi-annual, quarterly or monthly basis, depending on the terms of our property management contracts. In 2017, 2018, 2019 and the four months ended April 30, 2020, our collection rate for 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 83.6%, 83.4%, 84.5% and 65.8%, respectively. For more information on our trade receivables, see "Financial Information — Description of Certain Items in our Combined Statements of Financial Position — Trade and Other Receivables".

We accept payments for property management fees made through online transfers, cash, credit card or third-party platforms such as WeChat Pay and AliPay. In collecting outstanding property management fees and other payments, we will begin by reminding our customers at least once a month in writing. For customers whose property management fees are still unpaid after three months, we will issue demand letters for the outstanding amount. One year later from the original due date, we may issue a bill notification letter through attorneys and file lawsuits. We will issue one bill notification letter per year to ensure that we fulfill requirements under PRC statutes of limitations, which impose a three-year time frame within which we may sue for outstanding property management fees.

GREEN LIVING SOLUTIONS

We provide green living solutions to property developers, property owners and residents. These include (i) energy operation services, where we operate energy stations to provide central heating and cooling as an alternative to government-operated centralized heating systems; (ii) green technology consulting and systems installation services, where we design and install energy systems and energy stations to enhance indoor comfort; and (iii) selling our self-developed AIRDINO systems, which singly combine fresh air ventilation, air conditioning, purification and humidification control capabilities and offer an efficient alternative to the purchase and installation of multiple devices. Our green technology consulting services and systems installation services in relation to designing and installing energy systems and energy stations may be provided throughout various stages of the property life cycle. They may be followed by our provision of energy operation services where we service property end users. Throughout the initial design, construction and post-delivery stages of property development, we are also able to sell and install AIRDINO systems for our customers. For a visual presentation of the placement of each of our green living solutions within the property life cycle, see "— Our Business Model" in this section.

We are able to integrate our various green living solutions to help conserve energy. From time to time, we may provide green technology consulting to help our customers design and install their energy systems and energy stations, and later provide energy operation services in relation to those same projects. Our provision of green technology consulting services involves deploying engineers to design new energy systems. We are able to provide energy operation services once the design and installation works are complete. Our subsequent analysis of such energy operation projects may show that our work reduced energy consumption, therefore also reducing carbon dioxide and sulfur dioxide emissions. For example, for one of our current energy operation projects in Hefei where we previously provided green technology consulting, we found that energy consumption (as measured by standard coal consumption) would have been 1,733.2 tons per year if our customer did not adopt our designs; once our customers installed the ground-source heat pumps and other energy systems as recommended in our design plans, energy consumption was reduced by approximately 50.5% to 858.4 tons per year. This also led to reduced carbon dioxide and sulfur dioxide emissions by 2,155.6 tons per year and 17.5 tons per year, respectively. For another one of our current energy operation projects in Suzhou where we previously provided green technology consulting and systems installation services, we found that energy consumption (as measured by standard coal consumption) would have been 654.8 tons per year if our customer did not adopt our designs; once our customers installed the ground-source heat pumps and other energy systems as recommended in our design plans, energy consumption was reduced by approximately 32.7% to 440.4 tons per year. This also led to reduced carbon dioxide and sulfur dioxide emissions by 529.6 tons per year and 4.3 tons per year, respectively.

We collect energy data and analyze the energy consumption of energy operation projects to which we previously provided green technology consulting services, after operating them for some time. Collecting energy data for analyzing energy consumption may be distinguished from our daily collection and analysis of energy data using the Green Cloud Platform, which is simply used to monitor the condition of machinery and equipment. To analyze energy consumption, we conduct energy auditing, which involves comparing energy data against a hypothetical situation where our customers did not adopt our design plans. We usually operate energy operation projects to which we previously provided green technology consulting services for approximately two years before initiating energy auditing. During the first year of operation, there are usually low vacancy rates in the relevant residential communities and we may be adjusting the energy systems and energy station machinery and equipment from time to time. The data collected in our second year would be more representative of stable operational circumstances for energy auditing purposes. Save for the aforementioned two energy operation projects, all of our other energy operation projects to which we also provided green technology consulting services were secured in or after 2018. Thus, we only completed energy auditing and analyzed energy consumption for the two aforementioned projects as of the Latest Practicable Date.

The following table sets forth a breakdown of our revenue for green living solutions by service line for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Energy operation services	71,805	70.9	83,780	65.1	88,756	57.4	40,882	70.7	47,813	69.4
Systems installation services	7,311	7.2	21,253	16.5	34,278	22.2	6,104	10.6	11,072	16.1
Green technology consulting services	13,922	13.7	13,119	10.2	19,484	12.6	6,657	11.5	7,414	10.8
Sales of AIRDINO systems	8,255	8.2	10,594	8.2	12,032	7.8	4,202	7.2	2,578	3.7
Total	**101,293**	**100.0**	**128,746**	**100.0**	**154,550**	**100.0**	**57,845**	**100.0**	**68,877**	**100.0**

The following table sets forth a breakdown of our revenue for green living solutions by location for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Anhui province	11,940	11.8	9,998	7.8	31,582	20.4	10,551	18.2	10,713	15.6
Shanxi province	25,507	25.2	25,952	20.2	30,249	19.6	13,429	23.2	13,394	19.4
Beijing municipality	29,349	29.0	26,782	20.8	26,394	17.1	10,832	18.7	11,488	16.7
Hunan province	15,178	15.0	18,975	14.7	18,350	11.9	8,049	13.9	7,618	11.1
Shaanxi province	2,944	2.9	9,792	7.6	12,324	8.0	2,464	4.3	3,785	5.5
Hubei province	3,048	3.0	6,509	5.1	9,084	5.9	3,042	5.3	5,849	8.5
Jiangxi province	5,630	5.6	5,053	3.9	4,734	3.1	3,189	5.5	3,181	4.6
Shandong province	–	–	3,811	3.0	4,400	2.9	–	–	5,737	8.3
Guangdong province	884	0.9	5,549	4.3	3,309	2.1	2,907	5.0	855	1.2
Others[(1)]	6,813	6.6	16,325	12.6	14,124	9.0	3,382	5.9	6,257	9.1
Total	101,293	100.0	128,746	100.0	154,550	100.0	57,845	100.0	68,877	100.0

Note:

(1) Other provinces include Fujian province, Guizhou province, Hebei province, Henan province, Jiangsu province, Sichuan province, Shanghai municipality, Tianjin municipality and Zhejiang province.

During the Track Record Period, we secured energy operation projects primarily through commercial negotiations. For example, when we have successfully bid for a property management contract and are negotiating its specific terms, we may agree to provide energy operation services as required by our customer. We may also negotiate with property developers, property owners or property owner associations to secure energy operation rights for energy stations in residential communities or non-residential complexes that are not under our management.

Commercial negotiations are how we also generally secure engagements for green technology consulting services, engagements for systems installation services and opportunities to sell our AIRDINO systems. As confirmed by CIA, this is in line with general market practice. However, as know-how and skill are involved in the provision of these green living solutions, there are certain instances where property developers and property owners may select service providers through private tender bidding. In comparison with public tender bidding procedures, such potential customers may allow only a few service providers who they believe to be most competitive in the market to participate. In 2017, 2018, 2019 and the four months ended April 30, 2020, out of the total number of 34, 46, 46 and 18 contracts, respectively, that we secured in relation to our green technology consulting services, systems installation services and sales of our AIRDINO systems, we obtained 16, 16, 12 and 11, respectively, through private tender bidding.

During the Track Record Period, we sourced customers for our green living solutions by pursuing various business development initiatives, such as attending industry conferences. We also maintain contact with previous customers, with a view to obtaining recommendations for our services. Furthermore, we leverage relationships formed with customers and suppliers over the years to stay up to date on industry developments and keep a lookout for potential opportunities. We also review websites or other information channels to identify and later approach potential customers who may require our services. There are no PRC laws and regulations requiring that we shall secure projects or sales transactions in relation to any of our green living solutions through public tender bidding.

Energy Operation Services

Overview

Energy operation services are provided through energy stations attached to residential communities and commercial complexes for coordinating delivery of utilities such as central heating, central cooling and fresh air ventilation with the goal of stabilizing living conditions within properties. They may be distinguished from the provision of utilities such as water and electricity, which are services that must be separately paid for by property owners and residents. Our energy operation projects are generally located across northern and central China, which have varying latitudes, climates, control variables and energy system characteristics. This has allowed our employees to accumulate know-how and experience in adapting to different conditions while servicing our customers.

We primarily provide energy operation services through energy stations that use ground soil as an energy source and operate in tandem with ceiling radiation systems. The following generally summarizes how we operate such energy stations to provide central heating and central cooling:

- *Ground-source heat pump systems.* Ground soil, a low-cost and clean energy supply, acts as a heat source in the winter or a heat sink in the summer. In the winter, we use pipes embedded underground to extract heat through ground-source heat pump systems for providing central heating. Conversely, in the summer, we deploy ground-source heat pump systems to release heat into ground soil for providing central cooling. Ground-source heat pump systems will be used to continuously adjust the temperature of water circulating within ceiling radiation systems, in accordance with the needs of the season.

- *Ceiling radiation systems.* Ceiling radiation systems are composed of pipes and circulation systems embedded within ceilings, which deliver heating or cooling with water as a transmission medium. The water circulates within the ceiling layer and radiates heat or coolness into the property.

The following diagram illustrates how ground-source heat pump systems and ceiling radiation systems operate in tandem to provide central heating or central cooling:

From time to time, we may contract to operate energy stations that are not installed with ground-source heat pump and ceiling radiation systems. Such energy stations would only be equipped to provide central heating. We are therefore subject to seasonal fluctuations, as we may collect more energy operation service fees during colder months. However, during the Track Record Period, we primarily operated energy stations that were installed with ground-source heat pump and ceiling radiation systems. As we were providing central heating and central cooling in parallel with seasonal changes, we were able to collect energy operation service fees for those projects throughout the year. For more information on the risks associated with seasonal fluctuations, see "Risk Factors — Risks Relating to our Business and Industry — Our provision of energy operation services is subject to seasonal fluctuations".

Our Service Model

Our daily responsibilities in relation to energy operation services include the collection and analysis of energy data, which will fluctuate based on seasonal factors. We use this energy data, which relates to utilities such as water, electricity and gas usage as well as measurements of humidity, temperature and pressure to operate and maintain machinery and equipment in energy stations. We regularly monitor the condition of machinery and equipment to ensure their safe operation, making repairs where necessary. Our employees are required to make regular reports on the energy data collected and the conditions of our energy stations under operation. The energy data we gather while providing energy operation services are uploaded onto our self-developed Green Cloud Platform. We use the Green Cloud Platform to centrally monitor our energy stations under operation. When issues arise within our energy operation projects, the Green Cloud Platform enables us to detect and respond, unprompted by our customers. We also use the energy data collated within the Green Cloud Platform to conduct energy forecasting. Energy forecasting is the application of statistics to forecast demand and determine pricing for energy. The know-how, experience and data we accumulate from providing energy operation services are the foundation on which we provide our green technology consulting services. For more information on our Green Cloud Platform, see "— Our Green Technologies" in this section.

During the Track Record Period, our revenue from energy operation services increased at a CAGR of 11.2% from RMB71.8 million in 2017 to RMB88.8 million in 2019, and increased by 16.9% from RMB40.9 million in the four months ended April 30, 2019 to RMB47.8 million in the four months ended April 30, 2020. As of April 30, 2020, we provided energy operation services through our own employees in ten cities across seven provinces. As of December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020, we had 17, 18, 25 and 22 ongoing energy operation projects in relation to residential communities, respectively. While we generally also provide property management services to the residential communities for which we operate energy stations, we do not necessarily provide energy operation services to all of our property management projects, as their utility needs may already be covered through other means (such as government-operated centralized heating systems for central heating). We are also able to provide energy operation services to energy stations that service properties not under our management. The following table sets forth a movement of our ongoing energy operation projects and the GFA under energy operation during the Track Record Period and up to the Latest Practicable Date:

	As of December 31,						As of April 30, 2020		As of the Latest Practicable Date	
	2017		2018		2019					
	No. of projects(1)	GFA under energy operation	No. of projects(1)	GFA under energy operation	No. of projects(1)	GFA under energy operation	No. of projects(1)	GFA under energy operation	No. of projects(1)	GFA under energy operation
		(sq.m.'000)		(sq.m.'000)		(sq.m.'000)		(sq.m.'000)		(sq.m.'000)
At the beginning of the year/period	15	3,613	17	4,017	18	4,288	25	4,838	22	4,567
New engagements	2	404	1	271	7(2)	550	–	–	1	73
Terminations	–	–	–	–	–	–	(3)	(271)	–	–
As of the end of the year/period	17	4,017	18	4,288	25	4,838	22	4,567	23	4,640

Notes:

(1) Refers to our number of ongoing energy operation projects. During the Track Record Period, we accounted for our energy operation projects based on the number of residential communities to which we provided energy operation services.

(2) In late 2019, our Company acquired energy operation rights in relation to three energy operation projects in Qihe, Shandong province, which were disposed of in the four months ended April 30, 2020. For more information, see "Financial Information — Description of Certain Items in our Combined Statements of Financial Position — Intangible Assets".

During the Track Record Period, we generally provided property management services as well to residential communities to which we were providing energy operation services, but did not always provide energy operation services to residential communities to which we were providing property management services. As of December 31, 2017, 2018 and 2019 and April 30, 2020, we provided energy operation services in relation to 53.5%, 40.6%, 34.8% and 29.9% of our GFA under management, respectively. As of the same dates, we provided property management services in relation to 100.0%, 100.0%, 94.3% and 100.0% of our GFA under energy operation, respectively, for the same periods. The proportion of our GFA under management to our GFA under energy operation was slightly lower than 100.0% in 2019, because we provided energy operation services in relation to three energy operation projects in Qihe, Shandong province, without also providing property management services to the attaching residential communities. As we subsequently disposed of our energy operation rights in relation to those three energy operation projects, our GFA under management accounted for 100.0% of our GFA under energy operation as of April 30, 2020.

Contracts for our Energy Operation Services

We may contract to provide energy operation services to property developers and property owners through signing preliminary management contracts relating to property management services or separate energy operation service contracts.

In cases where we sign preliminary management contracts, we would provide energy operation services for as long as the preliminary management contracts remain valid. Our energy operation services are not an integral part of our preliminary management contracts and their inclusion is a result of the fact that we may secure energy operation projects together with our property management projects. For more information on the terms of preliminary management contracts that will also govern our provision of energy operation services, see "— Property Management Services — Property Management Contracts" in this section.

We may also sign energy operation service contracts with property developers and individual property owners when we contract to provide energy operation services separately from our property management services. Our energy operation service contracts will set forth the property, total GFA, specific temperatures and months of central heating and central cooling seasons during which we are expected to heat and cool properties, respectively. We generally charge for our energy operation services on the lump sum basis in our energy operation service contracts (i.e. a fixed, all-inclusive fee where we retain the full amount paid and bear the costs incurred), but quote for and determine our fees by applying a formula that takes into account energy unit prices and the total GFA to which our services relate. All of our energy operation service contracts are generally without fixed terms and remain valid until terminated. Our energy operation service contracts specify that they may be terminated based on, among other factors, force majeure, mutual agreement between the parties, overdue payments or receipt of complaints about our services on a systemic basis.

We set fees for our energy operation services by forecasting demand and taking into account expected costs and target profit margins. Our contracts for energy operation services generally allow us to adjust energy unit prices from time to time in accordance with those by local authorities. This is particularly relevant when we operate in northern regions where central heating is also provided by the PRC Government. Our fees are collected either on an annual or quarterly basis. Whether we have signed preliminary management contracts or energy operation service contracts, we quote for our energy operation services by GFA.

To provide our energy operation services, we are required to enter into service engagements with property developers and/or separate energy operation service contracts with individual property owners. Unlike property management contracts, we do not categorize our contracts for energy operation services as preliminary contracts signed with property developers or fixed-term contracts signed with property owner associations, as we are not required to contract with property owner associations when they are established. As advised by our PRC Legal Advisor, where we have contracted to provide energy operation services through signing preliminary management contracts with property developers, such preliminary management contracts are legally binding on subsequent property owners if they are legally entered into between property developers and property management companies. For more information on the relevant PRC laws and regulations, including the Interpretations and the Regulations on Property Management, see "— Property Management Services — Property Management Contracts — Key Terms of Dealing with Property Developers" in this section. Furthermore, as confirmed by our PRC Legal Advisor, where we have contracted to provide energy operation services through signing separate energy operation service contracts with property owners, such contracts remain valid and binding until the end of their terms. When properties are sold in residential communities where we operate energy stations, we will sign new energy operation service contracts or preliminary management contracts with subsequent property owners to establish a formal contractual relationship with the party responsible for paying energy operation service fees.

Once properties have been delivered, individual property owners have the option to terminate our services if he/she does not want to use our energy operation services. We would then no longer provide central heating or central cooling to the relevant properties. Alternatively, we are also able to terminate energy operation services in relation to an individual property owner if he/she has not timely paid energy operation service fees. In general, property owners may terminate contracts that were signed between the property developer and our Group based on mutual agreement.

During the Track Record Period, we were not made aware, nor did we experience any breaches, of contracts for our energy operation services. Additionally, during the Track Record Period and up to the Latest Practicable Date, none of our customers terminated or proposed to terminate our energy operation services, nor did we encounter any disputes or disagreements with property owners relating to our energy operation services. However, in the four months ended April 30, 2020, we disposed of subsidiaries that held energy operation rights in relation to three energy operation projects in Qihe, Shandong province. For more information on the circumstances under which we disposed of those energy operation rights, see "Financial Information — Description of Certain Items in our Combined Statements of Financial Position — Intangible Assets".

Green Technology Consulting Services

We began providing green technology consulting services in 2015. We analyze the individual characteristics of each property and offer tailor-made solutions that may relate to the design, tender bidding and procurement, installation and/or operational aspects of its energy systems. Our green technology consulting projects cover both (i) new properties under development, for which we design new energy systems, as well as (ii) older properties, for which we design upgraded energy systems. In providing our green technology consulting services, we draw on our know-how and experience from providing energy operation services and energy forecasting capabilities.

We have a range of green technology consulting services that allow us to support various stages of the energy systems design and installation process. In our green technology consulting service contracts, our customers may engage us to provide only one, all or a combination of the following services at a time:

- *Design.* We participate in the mapping of the property's energy systems by calculating energy consumption, reviewing blueprints and attending meetings to offer our insight. To devise compatible energy systems for the property, we may take into account factors such as building nature and structure, local climate, available natural resources and local energy costs.

- *Selection and purchase.* We may assist the property developer in managing the tender bidding process to select suppliers for the necessary materials and components. As part of our services, we generally deliver instructive manuals outlining the technical specifications of necessary materials and components and evaluation reports on the technical abilities of potential suppliers.

- *Installation and pre-delivery.* We may continue to provide our professional insight throughout the installation stage, assisting the property developer in changing the initial designs where necessary, reviewing blueprints and reviewing the quality of the construction results. In the pre-delivery stage, we may also conduct inspections, conduct relevant quality control testing, participate in various engineering and technological testing procedures and deliver an evaluation report.

- *Operation stage.* We will perform necessary handover procedures such as training relevant personnel to manage and operate the energy systems. We may also analyze operational data for an initial period and advise as to solutions for enhancing energy system performance.

We generally charge for such services by taking into account the GFA of the relevant property facilities and unit prices for our various green technology consulting services. We also agree to provide deliverables at various stages of the project such as initial survey reports, analyses, blueprints and operational testing reports.

Our customers may also engage us to advise them throughout the process of obtaining a "Green Building Label". This would involve conducting initial surveys to evaluate the nature of the property, proposing design solutions taking into account cost-benefit analyses, monitoring the construction or renovation process and responding to design or construction issues from time to time. We would also help prepare applications and liaise with relevant evaluation authorities to obtain "Green Building Labels". We would quote a package price for such services and request that our customers pay in installments at certain milestones of the certification process.

During the Track Record Period, our revenue generated from providing green technology consulting services increased from RMB13.9 million in 2017 to RMB19.5 million in 2019, and from RMB6.7 million in the four months ended April 30, 2019 to RMB7.4 million in the four months ended April 30, 2020. We believe that this testifies to our ability to generate appeal for our green technology consulting services. While serving our customers, we may also secure new engagements for our systems installation services or orders for our AIRDINO systems.

As of April 30, 2020, we provided green technology consulting services in 34 cities across 17 provinces. The majority of our customers for such services are property developers, although we may provide such services to owners of high-end properties from time to time. The contract price for our green technology consulting service engagements ranged from RMB20,000 to RMB7.8 million during the Track Record Period. The following table sets forth a movement of our contracted green technology consulting projects and contract sums during the Track Record Period and up to the Latest Practicable Date:

	As of December 31,									
	2017		2018		2019		As of April 30, 2020		As of the Latest Practicable Date	
	No. of contracted projects[(1)]	Contract sum	No. of contracted projects[(1)]	Contract sum	No. of contracted projects[(1)]	Contract sum	No. of contracted projects[(1)]	Contract sum	No. of contracted projects[(1)]	Contract sum
		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000
At the beginning of the year/period	13	22,200	16	13,565	31	38,746	46	70,649	51	73,764
New engagements	10	7,555	21	26,356	23	34,991	10	7,439	13	3,309
Completed projects	(7)	(16,190)	(6)	(1,175)	(8)	(3,088)	(5)	(4,324)	(12)	(20,528)
As of the end of the year/period	16	13,565	31	38,746	46	70,649	51	73,764	52	56,545

Note:

(1) Refers to the number of projects for which we have contracted to provide green technology consulting services. Depending on the timetable of the green technology consulting project, there may be a period between when we first secure our green technology consulting engagements and when we actually begin providing green technology consulting services. The number of contracted projects as of the end of the year or period may therefore differ from the total number of projects that are generating revenue within a given year or period. In 2017, 2018, 2019 and the four months ended April 30, 2020, we had 11, 27, 46 and 38 ongoing green technology consulting projects, respectively.

Systems Installation Services

While providing our green technology consulting services, our customers may decide that we are best placed to set up and put into operation the energy systems we helped design. We primarily provide our systems installation services through subcontractors. We generally charge a fixed, all-inclusive fee for our system installation services, retaining the full amount paid while bearing the costs incurred (i.e. on a lump sum basis). The installation period is generally completed within one year, depending on the scale of the planned installation works. We also offer certain quality assurances, such as undertaking to ensure that all systems are functional and operational once the installation works are complete, to notify our customer 14 days in advance as to when the installed systems are ready for quality control and operational testing, to provide relevant completion reports within a month and train relevant staff on how to operate and maintain the energy systems. We may also provide repair and maintenance services within the warranty period, which is generally two years in length.

Additionally, while selling our AIRDINO systems, our customers may decide that we are the best placed to install and put them into operation within properties. We primarily do so through subcontractors. For more information on our AIRDINO systems, see "— Green Living Solutions — Energy Operation Services — Sales of our AIRDINO Systems" in this section.

The contract price for our systems installation service engagements ranged from RMB18,000 to RMB12.4 million during the Track Record Period. Our pricing may be affected by the scale of the planned installation works (as evaluated by taking into account the number of energy systems purchased and to be installed), as well as the costs of labor, utilities, taxes and supplies, among others. When our systems installation service engagements involve the installation of our AIRDINO systems, we do not include the cost of the AIRDINO systems in the contract price, but will sign separate agreements related to the sale of our AIRDINO systems. The installation is usually completed within one year. We also offer certain quality assurances, such as agreeing to seek authorization before deviating from finalized blueprints, conduct initial quality control and operational testing, provide relevant completion reports within a month and train relevant staff on how to operate and maintain our AIRDINO systems.

The following table sets forth a movement of our contracted systems installation projects and contract sums during the Track Record Period and up to the Latest Practicable Date:

	As of December 31,						As of April 30, 2020		As of the Latest Practicable Date	
	2017		2018		2019					
	No. of contracted projects(1)	Contract sum	No. of contracted projects(1)	Contract sum	No. of contracted projects(1)	Contract sum	No. of contracted projects(1)	Contract sum	No. of contracted projects(1)	Contract sum
		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000
At the beginning of the year/period	7	12,846	12	27,073	15	41,471	26	77,836	19	65,037
New engagements	18	18,059	14	34,454	21	44,668	6	9,681	20	42,694
Completed projects	(13)	(3,832)	(11)	(20,056)	(10)	(8,303)	(13)	(22,480)	(5)	(15,025)
As of the end of the year/period	12	27,073	15	41,471	26	77,836	19	65,037	34	92,706

Note:

(1) Refers to the number of projects for which we have contracted to provide systems installation services. Depending on the timetable of the systems installation project, there may be a period between when we first secure our systems installation engagements and when we actually begin providing systems installation services. The number of contracted projects as of the end of the year or period may therefore differ from the total number of projects that are generating revenue within a given year or period. In 2017, 2018, 2019 and the four months ended April 30, 2020, we had 17, 17, 28 and 20 ongoing systems installation projects, respectively.

Sales of our AIRDINO Systems

We sell our in-house developed, patented AIRDINO systems, which we designed to act as one-stop solutions for indoor comfort across seasons and regions. We believe our AIRDINO systems are competitive because they singly combine fresh air ventilation, air conditioning, purification and humidification control capabilities. They are thus an efficient alternative to the purchase and installation of multiple devices.

We have obtained quality certifications for occupational health and safety, environmental management and quality management covering the research, development and sale of our AIRDINO systems. They were sold to property developers, individual property owners and residents during the Track Record Period. When our AIRDINO systems have been delivered to and installed by our customers, we generally agree to train relevant staff how to operate and maintain them. We also agree to an initial testing period, during which we exchange and provide new AIRDINO systems without additional charge if any quality issues arise. Our warranty period for AIRDINO systems, whether they are provided under sales contracts or systems installation service contracts, is generally two years in length. During the Track Record Period, we did not experience any product recalls, returns on product liability claims for our AIRDINO systems. We sell our AIRDINO systems through our own employees, though rely on subcontractors to assemble them. We generally charge a contract price amounting to the number of AIRDINO systems being purchased multiplied by their unit price, which we determine on a cost plus margin basis.

The contract price for sales of our AIRDINO systems ranged from RMB42,000 to RMB6.0 million during the Track Record Period. Our sales of AIRDINO systems are generally in the nature of transactions that are completed once we have delivered the goods and received the agreed amount in consideration from the customer. While the majority of such sales are concluded within short periods of time, we may occasionally contract to provide AIRDINO systems in installments over longer periods of time, such as throughout the course of property development or redevelopment projects. The following table sets forth a movement of our contracted sales and contract sums during the Track Record Period and up to the Latest Practicable Date:

	As of December 31,						As of April 30, 2020		As of the Latest Practicable Date	
	2017		2018		2019					
	No. of contracted sales[(1)]	Contract sum	No. of contracted sales[(1)]	Contract sum	No. of contracted sales[(1)]	Contract sum	No. of contracted sales[(1)]	Contract sum	No. of contracted sales[(1)]	Contract sum
		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000
At the beginning of the year/period	4	8,910	8	17,184	11	25,078	9	17,518	7	11,490
New sales contracts	7	9,935	11	15,310	2	2,187	2	1,759	3	24,881
Completed sales	(3)	(1,661)	(8)	(7,416)	(4)	(9,747)	(4)	(7,787)	(1)	(460)
As of the end of the year/period	8	17,184	11	25,078	9	17,518	7	11,490	9	35,911

Note:

(1) Refers to the number of contracts under which we have agreed to sell our AIRDINO systems. In cases where we provide AIRDINO systems in installments over longer periods, depending on the timetable of the property development or redevelopment project, there may be a period between when we first contract to provide our AIRDINO systems and when we begin providing them and generating revenue. The number of contracted sales as of the end of the year or period may therefore differ from the total number of sales transactions for which we recorded revenue within a given year or period. In 2017, 2018, 2019 and the four months ended April 30, 2020, we recorded revenues in relation to nine, 15, eight and five AIRDINO sales transactions, respectively.

As of the Latest Practicable Date, we developed three generations of AIRDINO systems. A brief summary of our AIRDINO systems and their capabilities is set forth below:

AIRDINO system	Description
AIRDINO No. 1	AIRDINO No. 1 was launched in October 2014. It filters air from outdoors to remove harmful chemical compounds such as PM2.5 and formaldehyde, and delivers and circulates fresh and purified air indoors.
AIRDINO No. 2	AIRDINO No. 2 was launched in December 2015 and recognized by the China Association of Building Energy Efficiency (中國建築節能協會) as the “Best Green Architectural Product of 2018” (2018年最佳綠色建築部品). AIRDINO No. 2 was installed and used in the buildings of Foshan Megahall MOMA (佛山萬國府), a property management project that received distinctions such as “WELL Certified Gold” from the International Well Building Institute in January 2018 and “Green Building Design Label — Three Star” from MOHURD in December 2018. In comparison to AIRDINO No. 1, AIRDINO No. 2 has upgraded energy conservation and formaldehyde and PM2.5 removal functions. Furthermore, users are able to achieve and maintain ideal indoor temperatures, humidity levels, oxygen levels and air quality in accordance with their own preferences.
AIRDINO No. 3	AIRDINO No. 3 is a passive house system launched in May 2019 as a prefabricated product that may be sold in individual units, meaning that its components may be manufactured separately for quick on-site assembly. A passive house is a passively heated or cooled building that does not use conventional heating and air conditioning systems, leading to a reduced ecological footprint. AIRDINO No. 3 received the “‘Five Part Thirteen Step’ National Key Research and Development Plan Near-Zero Emissions Exemplary Engineering” (“十三五”國家重點研發計劃近零能耗建築技術體系及關鍵技術開發) award in August 2019.

The "Four Stabilizing Goals"

While providing our green living solutions, we aim to help customers achieve the "Four Stabilizing Goals". The "Four Stabilizing Goals" are ideal temperatures (恆溫), ideal humidity levels (恆濕), ideal air circulation (恆氧) and ideal noise insulation (恆靜).

With our energy operation services, we help our customers maintain ideal temperatures by operating energy stations to provide central heating and central cooling. To achieve ideal humidity levels and ideal air circulation, we may recommend the installation of our AIRDINO systems. In our green technology consulting projects, we help our customers attain the "Four Stabilizing Goals" by incorporating certain construction technologies into energy systems designs. Some of the other energy system technologies we apply include the following:

- *Noise isolation and reduction system (隔音降噪系統).* The noise isolation and reduction system combines the use of sealing doors, aluminum bridge windows and low-e coated glass to ensure that indoor noise levels remain at 35-40 decibels.

- *External structure insulation system (外牆保溫系統).* The external structure insulation system refers to construction technology that seeks to preserve heat in the winter and maintain coolness in the summer. We feature an external structure insulation system where the exterior walls and floors are all built thicker than traditionally required. Internal insulation layers are also embedded within exterior walls. This system may be used to achieve ideal temperatures and ideal noise insulation.

- *Whole-air displacement system (全置換新風系統).* The whole-air displacement system features a fresh air machine that collects clean air. The air undergoes procedures such as dust filtering, temperature adjustment, humidification or dehumidification before it is ejected into the property to provide fresh air circulation. This system may be used to achieve ideal humidity levels and ideal air circulation.

We will bring our own energy systems designs to life when we have also contracted to provide systems installation services. Even where we are not providing systems installation services, we will monitor the installation process and make our professional insight readily available.

VALUE-ADDED SERVICES

We provide the following value-added services to non-property owners, property owners and residents through employees and subcontractors.

Parking Space Management Services

We manage parking spaces on behalf of property developers and property owner associations, collecting fees generally on a monthly basis at the fee rates stipulated in property management contracts and/or separately-signed supplementary agreements. We quote for our parking space management services at a fixed price per month, which we determine based on local market conditions or requirements set forth in local laws and regulations. Our parking space management services would include, for example, 24-hour surveillance.

We also collect parking fees from temporary users of parking spaces. We determine such parking fees based on local market prices or any requirements set forth in applicable local laws and regulations. While we generally collect parking fees on an hourly basis, in cases where residents contract to rent such parking spaces for the long term, we collect parking fees on a monthly or annual basis.

Communal Area Leasing Services

We assist property developers and property owners in leasing communal areas such as lift advertising spaces and basements. We agree to provide these communal area leasing services in our property management contracts, and profit by collecting a pre-determined percentage of the rental fees.

Sales Assistance Services

Property developers may engage us to provide sales assistance services in relation to their sales and leasing offices through mandates that are separately signed from preliminary management contracts. These sales assistance services generally include a standard set of property management services provided in relation to sales and leasing offices and their display units, such as cleaning, security, visitor and car parking management and maintenance of communal facilities. However, we are also able to add value by designing and operating sales and leasing offices that promote a culture of environmental awareness. These efforts range from creating videos, erecting display units and arranging exhibitions to simulate green and peaceful living for potential customers.

We price our sales assistance services by taking into account the number of staff members on the ground, the unit price for our services and the length of time our services are required. Under the terms of our engagements, we are obligated to follow the service standards specified by our customers, while our customers are primarily responsible for supervising and reviewing plans and budgets we may draw up in relation to our services.

Home Living Services

Our home living services are composed of miscellaneous operations related to daily maintenance and upkeep of properties that are not already included within the scope of our property management contracts. These include, but are not limited to, (i) hot water processing services, where we heat water to be provided to property owners and residents; (ii) waste removal services, primarily in relation to waste produced during construction and decoration; and (iii) tailored services, which may cover the provision of solely cleaning, repairs and maintenance or other support services as may be required by our customers from time to time.

We generally price our home living services by taking into account the costs of utilities, labor and necessary materials. For hot water processing, we forecast demand and taking into account expected costs, target profit margins and guidelines set by local authorities. Our assortment of home living services are offered with the goal of allowing customers to conduct their daily business without being burdened by property-related issues.

Preliminary Planning and Design Consultancy Services

We provide preliminary planning and design consultancy services to property developers, who seek to optimize their performance by drawing on our knowledge of end-user convenience and post-delivery property management. Our preliminary planning and design consultancy services are provided throughout the various stages of property development, and primarily include on-site design consulting, construction stage inspection, sales assistance consulting and pre-delivery inspection. We may agree to provide preliminary planning and design consultancy services in preliminary management contracts or supplementary mandates, which will detail the scope and expected standards of quality of our services. We generally charge for our preliminary planning and design consultancy services by GFA.

On-site Design Consulting

We participate in the creation and review of blueprints and other construction planning documents to advise the property developer on design issues. As distinguished from our green technology consulting services, our on-site design consulting services do not cover energy systems but focus on other property facilities such as centralized control rooms, parking lots and property management offices. We draw on our knowledge of end-user convenience and post-delivery property management to assist our customers in optimizing their performance.

Construction Stage Inspection

We provide construction stage inspection services where we conduct on-site inspections for issues relating to safety and quality. The scope of our assessments may cover, among others, areas such as individual units, communal areas, basements and gardens, as well as surveillance, water supply, drainage and fire safety systems.

Sales Assistance Consulting

As part of our business development efforts to obtain engagements for sales assistance services, we may also advise the property developer on issues relating to design and management of sales and leasing offices. We do so by analyzing blueprints prepared by the property developer for establishing their sales and leasing offices.

Pre-Delivery Inspection

We provide pre-delivery inspection services that involve entering and inspecting each unit of the property to evaluate their adequacy. These services are performed on-site after construction and before delivery, and cover inspections for issues such as wall hollowing and cracks, general appearance and quality, safety and functionality of doors and windows, secure installation of fixtures, leaks and the working conditions of certain water and electricity systems. We may conduct various tests and surveys.

OUR GREEN TECHNOLOGIES

We research and develop ways of conserving energy resources, and crystallize the results of our innovation through patent and copyright registration. The patents we register form key components of our green technologies, some of which are set forth below:

Green Energy-saving Elevator System (綠色節能電梯系統)

We operate a self-developed Green Energy-saving Elevator System, which includes our patented cooling micropower energy-saving ventilation contraption (降溫微動力節能通風裝置) and self-circulating energy-saving exhaust contraption (自流節能排風裝置) for cooling elevator machine rooms. We designed both the cooling micropower energy-saving ventilation contraption and the self-circulating energy-saving exhaust contraption as environmentally-friendly means of heat dispersion, which is traditionally done through air conditioning. The goal of our development efforts is to protect the environment by conserving energy resources and reducing emissions.

Green Water Conservation System (綠色節水系統)

We employ our Green Water Conservation System while providing our gardening and cleaning services. It includes our water reuse irrigation system (水回收綠化澆灌系統), for which we obtained a utility model patent. The water reuse irrigation system collects air conditioning condensate, rainwater and sewage, which are treated using a water pump system for eventual reuse in irrigation and in fountains. The goal of developing this green technology is to allow us to fully utilize water resources.

Green Solar Water Heating System (綠色太陽能熱水系統)

We have drawn on our project experience to develop a Green Solar Water Heating System, which uses solar power to heat water for providing central heating. As traditional water heating methods use electricity or gas, our Green Solar Water Heating System is an alternative that allows us to apply a renewable energy source.

Green Cloud Platform (綠色雲平台)

We regularly gather energy data for uploading onto our self-developed Green Cloud Platform. We use the Green Cloud Platform to centrally monitor the machinery and equipment within our energy operation projects. When issues arise within our energy stations under operation, the Green Cloud Platform allows us to detect and respond, unprompted by our customers.

We also apply the energy data collated within the Green Cloud Platform to conduct energy forecasting, the application of statistics to predict demand and determine pricing for electricity. It is an important component to our provision of quality green technology consulting services and, by extension, our systems installation services through which we bring our energy systems solutions into reality. For more information, see "— Green Living Solutions — Energy Operation Services — Our Service Model" in this section.

The Green Cloud Platform is a software program developed solely for internal use. We apply its data analysis capabilities to enhance the quality of green living solutions we provide to customers. Since we do not provide commercial internet information services or any other services through the Green Cloud Platform that constitute value-added telecommunication services as stipulated in the Telecommunications Regulations of the PRC (revised in 2016) (中華人民共和國電信條例(2016年修訂)), our PRC Legal Advisor is of the view that (i) we were not required to obtain the license for value-added telecommunication services for operating the Green Cloud Platform in accordance with the applicable laws and regulations during the Track Record Period; and (ii) we would not be in violation of any PRC laws and regulations with respect to value-added telecommunication services in all material respects without such a license after our Company's Listing. Our PRC Legal Advisor has verbally conducted an anonymous inquiry through the hotline of the Beijing Communication Administration (北京市通信管理局), the competent authority for addressing matters related to licenses for value-added telecommunication services, which confirmed that we are not required to obtain such a license on account of our operation of the Green Cloud Platform.

In addition to the inquiry made by our Company's PRC Legal Advisor, the Sole Sponsor and its PRC Legal Advisor verbally conducted a separate anonymous inquiry through the hotline of the Beijing Communication Administration, and confirmed that as the Green Cloud Platform serves solely as a software platform for internal use, rather than an open platform providing Internet services for profit through public communication networks to Internet users, our Company is not required to obtain a license for value-added telecommunication services to operate the Green Cloud Platform.

We generally assign employees to gather energy data and manually upload them into our Green Cloud Platform. In certain energy operation projects, we have begun installing energy data collection systems that facilitate automated uploading. We intend to increase our use of such energy data collection systems in the future. For more information, see "Future Plans and Use of Proceeds — Use of Proceeds" and "— Our Business Strategies — Develop our intelligent community and enhance our information technology systems".

Green Energy-saving Lighting (綠色節能照明)

Once we have signed preliminary management contracts with property developers, we leverage our working relationship to recommend the use of LED lighting throughout the property under construction. Not only do such efforts benefit the environment, but they potentially reduce the cost of implementing energy-saving measures while we transition into post-delivery property management.

Our Other Patented Technologies

Some of the other patented technologies we deploy to provide property management services and green living solutions include, but are not limited to, the following:

Ceiling Radiation System Microcirculation Heat Transfer Apparatus (天棚系統微循環換熱裝置)

We have developed a ceiling radiation system microcirculation heat transfer apparatus, for which we obtained a utility model patent, that (i) conserves the amount of electricity needed to perform its heat transfer and other temperature adjustment functions and (ii) enhances indoor comfort by lowering the possibility that the higher and lower levels of a room may have different temperatures. This utility model patent is applicable to our energy operation services.

Electricity-heated Hot Water Supply System (電加熱補熱供水系統)

We have developed a electricity-heated hot water supply system that ensures property owners and residents will access hot water rapidly, and that water temperatures will remain stable at no lower than 38 degrees Celsius. The objective of this system is to allow property owners and residents to access hot water as soon as they turn on taps, rather than having to wait. We obtained a utility model patent for this technology, which enables water conservation.

PROCEDURE STANDARDIZATION

Procedure Standardization

We believe procedure standardization allows us to minimize human error and ensure consistent service quality across our Group, thereby enhancing our reputation and brand value. We have standardized our operations based on, among others, the requirements of the GB/T19001-2016/ISO9001:2015 certification for quality management, GB/T24001-2016/ISO14001:2015 certification for environmental management and ISO 45001:2018 certification for occupational health and safety obtained by our Group. For example, we have devised policies and procedures in relation to various aspects of our property management and value-added services, such as managing car parks, managing customer relations and conducting pre-delivery inspection. We have also adopted uniform business operations in relation to matters such as handling funds raised from investors, managing investor relations, organizing and running shareholder, board and supervisor meetings, subcontractor selection and feedback and complaint management. To effectively implement our service standards and policies, we incorporate learning about them into our employee and subcontractor training curriculums.

SALES AND MARKETING

Strategy Development Center

We have a Strategy Development Center that is primarily responsible for devising and implementing our national expansion strategies. It coordinates our regional branch offices to collect information about potential opportunities, formulate budgets for individual projects, manage our tender bidding and contract negotiation efforts, among others. Our Strategy Development Center also oversees due diligence in relation to project opportunities, evaluating them for potential return and strategic benefits.

Our regional branch offices each have counterparts that will regularly interact with the Strategy Development Center at the group level. While our Strategy Development Center on the group level operates on a national scale, the corresponding departments within our branch offices will operate regionally. They are responsible for regional expansion as well as implementing our national expansion strategies.

One of the key responsibilities of our Strategy Development Center is to coordinate across corresponding departments on the regional level to explore and establish business development and market research information channels. These may include, for example, websites or other platforms on which property developers, property owner associations and government institutions announce tender opportunities. We also communicate with existing and potential customers from time to time, as well as establish and maintain relationships with other industry players. Our initiatives are made with a view to obtaining recommendations for our services or future strategic cooperation opportunities, particularly in relation to property developers that may require our green living solutions.

Brand Development Efforts and Marketing

We provide property management services and green living solutions in China with the goal of building comfortable and green communities. We believe investing in our brand value and recognition will allow us to develop our business, whether by increasing the number of our service engagements or generating trust in, and providing more of, our green living solutions.

We make frequent use of our official WeChat and Weibo social media accounts to advertise our services, communicate with our customers and publish press releases related to our business. Additionally, our senior management officers occasionally publish articles in industry publications and participate in industry summits and award ceremonies.

From time to time, we may organize events such as "Plant a Tree to Green a Corner" (種一棵小樹·綠一方淨土) on China's National Arbor Day (March 12) within residential communities, where property owners and residents plant trees and flower bushes in public gardens. We also encourage members of residential communities to join in activities such as "Earth Hour" (地球熄燈一小時) organized by the World Wide Fund for Nature. One of our goals in organizing such activities is to encourage the formation of social connections and thereby generate satisfaction with our services. More importantly, we believe these efforts also allow us to promote environmental awareness.

CUSTOMERS

Our customer base for each of our three business lines primarily consists of property developers, property owners and residents.

In 2017, 2018, 2019 and the four months ended April 30, 2020, revenue generated from sales to our five largest customers amounted to RMB75.0 million, RMB119.7 million, RMB138.8 million and RMB46.1 million, respectively, accounting for 19.9%, 24.2%, 22.1% and 20.4% of our total revenue, respectively. In 2017, 2018, 2019 and the four months ended April 30, 2020, revenue generated from services provided to our largest customer, Modern Land Group, amounted to RMB56.7 million, RMB94.4 million, RMB112.6 million and RMB37.5 million, respectively, accounting for 15.0%, 19.1%, 18.0% and 16.7% of our total revenue, respectively. The transactions with Modern Land Group and its associates constituted continuing connected transactions. Other than Modern Land Group and its associates, all of our 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 as disclosed below, none of our Directors, Shareholders, members of senior management, the close associates of the aforementioned or any other member of our Group who owned more than 5% of our issued share capital held any interest in any of our five largest customers.

During the Track Record Period, we managed all the projects sourced from Modern Land Group and other associates of our Controlling Shareholders. Modern Land Group operates a property development and property investment business in China. Headquartered in Beijing, Modern Land Group's geographic presence spanned 54 cities in the PRC and overseas as of April 30, 2020. Modern Land Group was ranked among the Top 100 Property Developers in China for all of the past five years and recognized as a "2019 China Specialized Real Estate Enterprise with Excellence in Operation" for "Green Technology Real Estate" (2019 中國特色地產運營優秀企業綠色科技地產) by CIA. According to its annual report, the land bank held by Modern Land Group (together with its joint ventures and associates) in the PRC as of December 31, 2019 amounted to 11.9 million sq.m. We expect to manage all of the properties that Modern Land Group is expected to develop by the end of the years ending December 31, 2020 and December 31, 2021. For more information, see "Connected Transactions", "Relationship with Controlling Shareholders" and "Risk Factors — Risks Relating to our Business and Industry — A substantial portion of our revenue is generated from services provided to, and projects sourced from, Modern Land Group and other associates of our Controlling Shareholders".

Our Top Five Customers

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

Rank	Customer	Major services provided	Commencement of business relationship	Credit term	Relationship with our Group	Revenue contribution	Percentage of total revenue
						(RMB'000)	(%)
1	Modern Land Group	Sales assistance, property management, value-added services, energy operation, green technology consulting and systems installation	Since 2001	Quarterly or monthly for sales assistance; quarterly, semi-annually or annually for property management and energy operation; one-off, quarterly or annually for value-added services; by installment for green technology consulting and systems installation	Connected person	56,699	15.0
2	Changsha Pengyue Real Estate Development Co., Ltd. (長沙市鵬躍房地產開發有限公司) ("**Changsha Pengyue**")(1)	Sales assistance, property management, green technology consulting and systems installation	Since 2015	Monthly or quarterly for sales assistance; quarterly for property management; by installment for green technology consulting and systems installation	Connected person	7,276	1.9

Rank	Customer	Major services provided	Commencement of business relationship	Credit term	Relationship with our Group	Revenue contribution	Percentage of total revenue
						(RMB'000)	(%)
3	Shanghai Lanbei Commercial Consulting Co., Ltd. (上海藍倍商務諮詢有限公司) ("**Shanghai Lanbei**")[(2)]	Property management and systems installation	Since 2017	Quarterly for property management; by installment for systems installation	Connected person	4,425	1.2
4	Customer A1[(3)]	Systems installation and sales of AIRDINO systems	Since 2016	By installment	Independent Third Party	3,702	1.0
5	Suzhou Modern Green Development Co., Ltd. (蘇州當代綠色置業有限公司) ("**Suzhou Modern**")[(4)]	Sales assistance	Since 2017	Quarterly for sales assistance	Connected person	2,856	0.8
Sales to our top five customers						74,958	19.9

Notes:

(1) During the Track Record Period and until March 2020, Changsha Pengyue was a member of Super Land Group. Since March 2020 and up to the Latest Practicable Date, Changsha Pengyue has been a member of Modern Land Group.

(2) During the Track Record Period and up to the Latest Practicable Date, Shanghai Lanbei was a member of Modern Investment Group.

(3) As of the Latest Practicable Date, Customer A1 and Customer A2 (one of our top five customers in 2019 and the four months ended April 30, 2020) were affiliated companies under common control by the same parent.

(4) During the Track Record Period and up to the Latest Practicable Date, Suzhou Modern was a member of Super Land Group.

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

Rank	Customer	Major services provided	Commencement of business relationship	Credit term	Relationship with our Group	Revenue contribution	Percentage of total revenue
						(RMB'000)	(%)
1	Modern Land Group	Sales assistance, property management, communal area leasing and value-added services, energy operation, green technology consulting and systems installation	Since 2001	Quarterly or monthly for sales assistance; quarterly, semi-annually or annually for property management and energy operation; one-off, quarterly or annually for communal area leasing and value-added services; by installment for green technology consulting and systems installation	Connected person	94,378	19.1
2	Changsha Pengyue	Sales assistance, property management, communal area leasing and value-added services, green technology consulting and systems installation	Since 2015	Quarterly or monthly for sales assistance; semi-annually for property management and energy operation, one-off, quarterly, monthly, semi-annually or annually for communal area leasing and value-added services; by installment for green technology consulting and systems installation	Connected person	10,033	2.0
3	Shaanxi New Wealth Real Estate Development Co., Ltd. (陝西新財富置業有限公司) ("**Shaanxi New Wealth**")(1)	Sales assistance, property management, value-added services and green technology consulting	Since 2018	Quarterly or monthly for sales assistance, semi-annually for property management and energy operation; one-off, monthly, quarterly, semi-annually or annually for value-added services; by installment for green technology consulting	Connected person	7,638	1.5
4	Customer C	Systems installation	Since 2018	By installment	Independent Third Party	3,818	0.8
5	Customer D	Sales of equipment relating to energy systems and energy stations(2)	Since 2018	By installment or one-off	Independent Third Party	3,811	0.8
Sales to our top five customers						119,678	24.2

Notes:

(1) During the Track Record Period and until April 2018, Shaanxi New Wealth was an Independent Third Party. Since April 2018 and up to the Latest Practicable Date, Shaanxi New Wealth has been a member of Super Land Group.

(2) In 2018, we purchased equipment relating to energy systems and energy stations for resale to Customer D. The transaction related to one of Customer D's systems installation projects. Customer D approached us to leverage our knowledge of the supply market as we regularly provided systems installation services.

The following table sets forth details of our top five customers in 2019:

Rank	Customer	Major services provided	Commencement of business relationship	Credit term	Relationship with our Group	Revenue contribution	Percentage of total revenue
						(RMB'000)	(%)
1	Modern Land Group	Sales assistance, property management, communal area leasing and value-added services, energy operation, green technology consulting, systems installation	Since 2001	Quarterly or monthly for sales assistance; quarterly, semi-annually or annually for property management and energy operation; one-off, quarterly or annually for communal area leasing and value-added services; by installment for green technology consulting and systems installation	Connected person	112,642	18.0
2	Customer A2[(1)]	Sales of AIRDINO systems; systems installation	Since 2016	By installment for sales of AIRDINO systems and systems installation	Independent Third Party	8,759	1.4
3	Changsha Pengyue	Sales assistance, property management, energy operation, communal area leasing and value-added services, green technology consulting, systems installation	Since 2015	Quarterly or monthly for sales assistance; semi-annually for property management and energy operation; one-off, monthly, quarterly, semi-annually or annually for communal area leasing and value-added services; by installment for green technology consulting and systems installation	Connected person	8,385	1.3
4	Beijing Runjin Real Estate Development Co., Ltd. (北京潤錦房地產開發有限公司) ("**Beijing Runjin**")[(2)]	Sales assistance, green technology consulting	Since 2017	By installment for green technology consulting; quarterly for sales assistance	Connected person	4,575	0.7
5	Shanxi Modern Wanxing Real Estate Development Co., Ltd. (山西當代萬興置業有限公司) ("**Shanxi Modern**")[(3)]	Sales assistance, green technology consulting	Since 2018	By installment for green technology consulting; monthly for sales assistance	Connected person	4,416	0.7
Sales to our top five customers						138,777	22.1

Notes:

(1) As of the Latest Practicable Date, Customer A2 and Customer A1 (one of our top five customers in 2017) were affiliated companies under common control by the same parent.

(2) During the Track Record Period and until December 2019, Beijing Runjin was a member of Super Land Group. Since December 2019 and up to the Latest Practicable Date, Beijing Runjin has been a member of Modern Land Group.

(3) During the Track Record Period and up to the Latest Practicable Date, Shanxi Modern was a member of Super Land Group.

The following table sets forth details of our top five customers for the four months ended April 30, 2020:

Rank	Customer	Major services provided	Commencement of business relationship	Credit term	Relationship with our Group	Revenue contribution	Percentage of total revenue
						(RMB'000)	(%)
1	Modern Land Group	Sales assistance, property management, value-added services, energy operation, green technology consulting and systems installation	Since 2001	Quarterly or monthly for sales assistance; quarterly, semi-annually or annually for property management and energy operation; one-off, quarterly or annually for communal area leasing and value-added services; by installment for green technology consulting and systems installation	Connected person	37,538	16.7
2	Customer D	Sales of equipment relating to energy systems and energy stations[(1)]	Since 2018	By installment or one-off	Independent Third Party	4,374	1.9
3	Beijing Honghuawei Real Estate Co., Ltd (北京宏華偉業房地產開發有限公司) (**"Beijing Honghuawei"**)[(2)]	Systems installation, green technology consulting and sales assistance	Since 2017	By installment for systems installation and green technology consulting; quarterly for sales assistance	Connected person	1,414	0.6
4	Customer A2	Sales of AIRDINO systems; systems installation	Since 2016	By installment for sales of AIRDINO systems and systems installation	Independent Third Party	1,406	0.6
5	Shanxi Modern Green Development Co., Ltd (山西當代綠色置業有限公司) (**"Shanxi Modern Green"**)[(3)]	Sales assistance, property management, value-added services and systems installation	Since 2019	Monthly for sales assistance; annually for property management; by installment for value-added services and systems installation	Connected person	1,402	0.6
Sales to our top five customers						46,134	20.4

Notes:

(1) Similar to in 2018, we purchased equipment relating to energy systems and energy stations for resale to Customer D. Customer D approached us in relation to another one of its systems installation projects.

(2) During the Track Record Period and up to the Latest Practicable Date, Beijing Honghuawei was a member of Super Land Group.

(3) During the Track Record Period and up to the Latest Practicable Date, Shanxi Modern Green was a member of Super Land Group.

Of the top five customers during the Track Record Period who were our connected persons, Changsha Pengyue, Suzhou Modern, Shaanxi New Wealth, Beijing Runjin and Shanxi Modern were members of Super Land Group, which is composed of the joint ventures and associates (as defined under the IFRS) that Super Land had invested in through Modern Land. They were not grouped together as the single customer of Super Land Group, because (i) they were not subsidiaries that would have been consolidated by Super Land, and (ii) they were generally not controlled by parties affiliated with the Controlling Shareholders Group. Additionally, Shanghai Lanbei was a member of Modern Investment Group during the Track Record Period. Given that members of Modern Investment Group provided various goods and services across multiple industries, our Company dealt with each of them separately and not as a single customer. For more information on the business activities of Modern Investment Group, see "— Suppliers — Subcontracting" in this section and "Relationship with Controlling Shareholders — Delineation of Business".

Information Security

We implement various measures to ensure the safety of our financial and operating data, particularly confidential information relating to our customers. For example, we install anti-virus software and require that all external drives be inspected for potential threats before being connected to our computers. For confidential customer information we collected while providing property management services, we require employees to request prior approval from the relevant customer service manager before reviewing or destroying files. Additionally, we sign confidentiality agreements with all of our employees, the scope of which covers knowledge of management decisions, business strategies, contracts, meeting minutes, due diligence reports, financial performance, intellectual property and employee and customer information, among others.

Given that (i) we collect and use the personal information of property owners with their consent; (ii) we only collect and use the personal information of property owners that are relevant to the services we provide; (iii) we have implemented certain policies and rules on personal information protection, such as operation standards for management of customers' information documents and operation standards for the management of computers and software; (iv) we have taken necessary measures such as entering into confidentiality agreements with our employees to prevent the leakage of the personal data; (v) we have installed anti-virus and firewall software in our office system to prevent data attacks, leakages and tampering, and we upgrade such software from time to time and carry out regular inspections to detect viruses; (vi) we have provided training to our employees to ensure they are aware of our internal policies in relation to personal data protection; and (vii) during the Track Record Period and up to the Latest Practicable Date, we did not encounter any personal data privacy breaches, leakages or disputes, nor have we been challenged by or encountered any claims from customers or government authorities imposed any penalties or fines in this respect, our PRC Legal Advisor has advised us that we are not in violation of any applicable PRC laws and regulations on personal data collection and usage in all material respects.

SUPPLIERS

Overview

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

Business Line	Major Suppliers
Property management services and value-added services	Subcontractors who provide cleaning, security, gardening and repair and maintenance services for facilities that require specialized knowledge. Such facilities may include elevators and firefighting equipment
Green living solutions	Subcontractors who provide our systems installation services and assemble our AIRDINO systems
Others	Suppliers of utilities and items such as uniforms and office equipment

In 2017, 2018, 2019 and the four months ended April 30, 2020, purchases from our five largest suppliers amounted to RMB84.1 million, RMB103.9 million, RMB110.4 million and RMB53.5 million, respectively, accounting for 32.9%, 31.5%, 27.1% and 35.7% of our total cost of sales, respectively. Purchases from our largest supplier in 2017, 2018, 2019 and the four months ended April 30, 2020 amounted to RMB29.1 million, RMB40.2 million, RMB32.7 million and RMB23.9 million, respectively, accounting for 11.3%, 12.2%, 8.0% and 15.9% of our total purchases, respectively. Several of our five largest suppliers during the Track Record Period were utility companies that were Independent Third Parties, as we covered utility costs in providing energy operation services. As of the Latest Practicable Date, none of our Directors, Shareholders, members of senior management, the close associates of the aforementioned or any other member of our Group who owned more than 5% of our issued share capital held any interest in any of our five largest suppliers.

We do not have any long-term agreements with our top five suppliers. However, we typically enter into agreements with terms ranging from one to three years with our subcontractors. For more information on the detailed terms and conditions of such subcontracting agreements, see "— Subcontracting — Key Terms of Subcontracting Agreements for Property Management Projects" in this section. During the Track Record Period, we were not made aware, nor did we experience any breaches, of our subcontracting agreements.

Our Top Five Suppliers

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

Rank	Supplier	Major services purchased	Commencement of business relationship	Credit term	Relationship with our Group	Purchase amount	Percentage of total purchases
						(RMB'000)	(%)
1	Supplier A[(1)]	Labor outsourcing	Since 2016	By month	Independent Third Party	29,071	11.3
2	Supplier B	Electricity supply	Since 2005	By month	Independent Third Party	27,914	10.9
3	Supplier C	Gas supply	Since 2011	By month	Independent Third Party	14,805	5.8
4	Supplier D	Cleaning services	Since 2016	By month	Independent Third Party	6,264	2.5
5	Supplier E	Gas supply	Since 2009	By month	Independent Third Party	6,041	2.4
Purchases from our top five suppliers						84,095	32.9

Note:

(1) The labor outsourcing services provided by Supplier A in 2017 related to securing subcontractors for our property management services.

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

Rank	Supplier	Major services purchased	Commencement of business relationship	Credit term	Relationship with our Group	Purchase amount	Percentage of total purchases
						(RMB'000)	(%)
1	Supplier A[(1)]	Labor outsourcing	Since 2016	By month	Independent Third Party	40,239	12.2
2	Supplier B	Electricity supply	Since 2005	By month	Independent Third Party	35,701	10.8
3	Supplier C	Gas supply	Since 2011	By month	Independent Third Party	16,087	4.9
4	Supplier D	Cleaning services	Since 2016	By month	Independent Third Party	6,253	1.9
5	Supplier E	Gas supply	Since 2009	By month	Independent Third Party	5,577	1.7
Purchases from our top five suppliers						103,857	31.5

Note:

(1) The labor outsourcing services provided by Supplier A in 2018 related to securing subcontractors for our property management services.

The following table sets forth details of our top five suppliers in 2019:

Rank	Supplier	Major services purchased	Commencement of business relationship	Credit term	Relationship with our Group	Purchase amount	Percentage of total purchases
						(RMB'000)	(%)
1	Supplier F(1)	Labor outsourcing	Since 2019	By month	Independent Third Party	32,682	8.0
2	Supplier B	Electricity	Since 2005	By month	Independent Third Party	32,004	7.9
3	Supplier A(1)	Labor outsourcing	Since 2016	By month	Independent Third Party	22,932	5.6
4	Supplier C	Gas supply	Since 2011	By month	Independent Third Party	13,440	3.3
5	Supplier G	Subcontracting for systems installation	Since 2017	By stage of completion	Independent Third Party	9,347	2.3
Purchases from our top five suppliers						110,405	27.1

Note:

(1) The labor outsourcing services provided by Suppliers F and A in 2019 related to securing subcontractors for our property management services.

The following table sets forth details of our top five suppliers for the four months ended April 30, 2020:

Rank	Supplier	Major services purchased	Commencement of business relationship	Credit term	Relationship with our Group	Purchase amount	Percentage of total purchases
						(RMB'000)	(%)
1	Supplier F(1)	Labor outsourcing	Since 2019	By month	Independent Third Party	23,891	15.9
2	Supplier B	Electricity	Since 2005	By month	Independent Third Party	14,186	9.5
3	Supplier C	Gas supply	Since 2011	By month	Independent Third Party	6,960	4.6
4	Supplier H(2)	Systems installation supplies and materials	Since 2017	By installment	Independent Third Party	4,493	3.0
5	Supplier I	Central heating	Since 2009	By month	Independent Third Party	4,016	2.7
Purchases from our top five suppliers						53,546	35.7

Notes:

(1) The labor outsourcing services provided by Supplier F in the four months ended April 30, 2020 related to securing subcontractors for our property management services.

(2) Supplier H was also one of our customers for AIRDINO systems during the Track Record Period. In 2017 and 2018, we made sales to Supplier H amounting to RMB2.1 million and RMB0.5 million, respectively, accounting for 0.6% and 0.1% of our total revenue, respectively. These sales were made because Supplier H had a customer that required products similar to our AIRDINO systems. Since Supplier H had knowledge of the quality and characteristics of our AIRDINO systems, they purchased AIRDINO systems from us for resale to that customer. In 2017, 2018, 2019 and the four months ended April 30, 2020, our purchases from Supplier H amounted to RMB69,780, RMB2.8 million, RMB10.0 million and RMB5.1 million, respectively, accounting for 0.02%, 0.6%, 1.6% and 2.3% of our total purchases, respectively. Our Directors confirm that the terms of sale to and purchase from Supplier H were negotiated on an arm's length basis and on normal commercial terms. We did not negotiate the terms of sales and purchase contracts with Supplier H at the same time and our sales to and purchases from Supplier H were not related to or conditional on each other.

Subcontracting

We believe choosing subcontractors who specialize in the services they perform has allowed us to enhance our operating efficiency and focus our resources and employees on research and development and the consulting aspects of our services. During the Track Record Period, our subcontracting arrangements allowed us to leverage the technical expertise of our subcontractors to reduce our labor costs and enhance our overall profitability. In 2017, 2018, 2019 and the four months ended April 30, 2020, our subcontracting costs amounted to RMB64.1 million, RMB89.1 million, RMB113.5 million and RMB42.1 million, respectively, accounting for 25.1%, 26.9%, 27.9% and 28.0%, respectively, of our total cost of sales.

In 2017, 2018, 2019 and the four months ended April 30, 2020, we subcontracted certain repair and maintenance services to Modern Investment Group in relation to 14, 23, 26 and 23 projects, respectively, for an aggregate contract value of RMB2.9 million, RMB5.9 million, RMB4.3 million and RMB1.5 million, respectively, for the same periods. The repair and maintenance services we subcontracted to Modern Investment Group primarily related to elevators, though from time to time we made miscellaneous repair and maintenance requests relating to our communal areas. We subcontracted such repair and maintenance services to Modern Investment Group, primarily because we believed that, owing to its familiarity with our business, it would be able to provide repair and maintenance services that fulfilled our quality standards and requirements. We also developed mutual trust and understanding through our past history of cooperation, allowing us to reduce communication costs in our daily business dealings. Modern Investment Group only provided repair and maintenance services to us rather than directly to Modern Land Group and its associates during the Track Record Period, because Modern Land Group and Super Land Group wished to streamline their supplier management strategy and limit the number of suppliers they dealt with on a daily basis. As the property management service provider, we therefore undertook the task of dealing with subcontractors as necessary for the daily upkeep and maintenance of their properties. Super Land Group is an investment holding company for property development, property investment and hotel operation businesses conducted through joint ventures and associates that Super Land had invested in through Modern Land, while Modern Investment Group is primarily engaged in the provision of repair and maintenance, decoration engineering, catering, fitness, education and real estate agency services, as well as the leasing, management and operation of serviced apartments.

Our Directors confirm that the terms of purchase from Modern Investment Group were negotiated on an arm's length basis and on normal commercial terms. As the members of Modern Investment Group are connected persons of our Company within the meaning ascribed to it under the Listing Rules, future transactions with Modern Investment Group will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon Listing. For more information, see "Connected Transactions — Non-Exempt Continuing Connected Transactions — Continuing Connected Transactions subject to the Annual Reporting and Announcement Requirements — Procurement of Maintenance Services from the Modern Investment Group". Save as disclosed herein, all of the subcontractors we hired during the Track Record Period were independent third parties.

Selection and Management of Subcontractors

We engage subcontractors through a variety of methods, including tender bidding and competitive negotiation. We select subcontractors by taking into account, among others, factors such as price, product and service quality as well as our past history of cooperation. To ensure the quality of our subcontractors' services and goods, we monitor and evaluate them on a regular basis.

Key Terms of Subcontracting Agreements for Property Management Projects

Our subcontracting agreements for property management projects, to which we provide property management services and various value-added services, typically include the following key terms:

- *Term.* Such agreements are typically signed for terms ranging from one to three years.

- *Performance scope and 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 the repair and maintenance of facilities such as elevators and fire extinguishing systems, we will specify the number of such facilities for which we require their expertise. Our contracts will also detail our expectations as to service quality, which may be either based on nationally-imposed or our own requirements.

- *Our rights and obligations.* We retain the right to supervise and evaluate our subcontractors. Our payment cycles may vary depending on what is agreed in the contract. For example, we may be obligated to pay subcontracting fees on a monthly, quarterly, semi-annual or annual basis, or to begin paying in installments within a few days of executing the agreement.

- *Rights and obligations of subcontractors.* Our subcontractors undertake to provide their services in accordance with the scope, frequency and standards of quality as prescribed in the relevant subcontracting agreements. In the event that our subcontractors deliver substandard performance, we often require them to rectify within a certain period of time and have the right to claim damages for resulting losses.

- *Risk allocation.* Our subcontractors manage their own employees, with whom we have no employment relationship. For example, our subcontractors may be responsible for ensuring that their employees follow our quality standards and service procedures and paying their social insurance and housing provident fund contributions. Generally, our subcontractors are also responsible for damages to person or property caused by their employees in the course of providing the contracted services.

- *Procurement of raw materials.* If our subcontractors require tools or raw materials to provide their contracted services, they will usually obtain them on their own. However, we may set specifications as to the quality of such tools and raw materials, for example by requiring our cleaning subcontractors to purchase vacuums from certain brands.

- *Termination and renewal.* We reserve the right to terminate the contract if our subcontractors fail to adhere to their rights and obligations and deliver substandard performance. In the event that our contracts terminate without renewal, our subcontractors are required to return any equipment or storage facilities we provided to support their provision of services, perform relevant handover procedures and vacate the premises.

Key Terms of Subcontracting Agreements in relation to our Systems Installation Services and Assembling our AIRDINO Systems

Our subcontracting agreements in relation to our systems installation services and assembling our AIRDINO Systems ("**AIRDINO Subcontracting Agreements**") typically include the following key terms:

- *Term.* Installation of our systems installation services is generally completed within one year, the specific length of which depends on the scale of the planned installation works. Our AIRDINO Subcontracting Agreements are generally signed for terms of one to two months.

- *Performance scope and standards.* For our systems installation services, we will detail the facilities to be installed and the quality standards to be met. Our subcontractors will undertake to perform testing and quality control procedures for the installed systems. We also provide for a warranty period, which is generally two years. In our AIRDINO Subcontracting Agreements, our subcontractors guarantee that all of the AIRDINO systems ordered would be new and unused. The quality standards that must be met are generally determined in advance. We also provide for a warranty period, the length of which is quoted in years.

- *Risk allocation.* In the event of late delivery, our subcontractors will pay a penalty equal to a daily-accumulating surcharge at a certain percentage of the overdue amount. Our subcontractors bear the risk of damage to the installed systems up to the moment when the installed systems are delivered to our customers, or the risk of damage or loss to the AIRDINO systems before they are opened for testing upon delivery.

- *Procurement of raw materials.* For our systems installation services, to ensure the fulfillment of our technical specifications and quality standards, we will obtain certain equipment and installation materials from pre-vetted suppliers. Our subcontractors are responsible for procuring the other raw materials needed to perform their obligations. In our AIRDINO Subcontracting Agreements, our subcontractors are responsible for procuring the raw materials needed to assemble our AIRDINO systems.

- *Intellectual property.* We own all of the intellectual property rights in our AIRDINO systems. We may specify in the subcontracting agreement that our subcontractors cannot transfer our intellectual property rights without our consent and would be liable for all direct or indirect losses related to any such transfers.

- *Payment and credit terms.* Our subcontractors generally charge on a lump sum basis. We generally pay in installments by stage of completion of the installation works or for each batch of AIRDINO systems.

- *Termination.* In the event of default by one of the parties, the other party has the right to terminate the contract via written notice.

QUALITY CONTROL

We prioritize the provision of quality services, believing that it is crucial to our long-term success. Our operations management department is primarily responsible for overseeing our business operations in relation to quality control, standardizing our internal policies and procedures, monitoring adherence to those standards and coordinating our efforts to obtain and renew our quality certifications.

Quality Control over Our Services

We conduct our operations in accordance with the standards represented by our GB/T19001-2016/ISO9001:2015 quality management certification, which we first obtained from China Quality Mark Certification Group of China (方圓標誌認證集團) on March 30, 2016. Our current certification is valid from March 26, 2019 through March 29, 2022. Since September 2017, we have also obtained quality certifications for occupational health and safety, environmental management and quality management covering the research, development and sale of our AIRDINO systems. Our current certifications from Shanghai Ingeer Certification Assessment Co., Ltd. (上海英格爾認證有限公司) are valid from April 17, 2020 through April 16, 2023.

We have established an internal system for monitoring and standardizing the quality of our services to minimize human error and ensure consistent performance. We have a series of policies and procedures covering various aspects of our business, including the selection and management of subcontractors, standard operating procedures for our environment management, customer service, information management and research and development departments, as well as the management of emergencies in relation to, among others, fires, traffic accidents, power outages and elevator malfunctioning. We have also formulated detailed "procedural and standardized milestone checklists" (流程與標準化里程碑執行表) for (i) our property management service engagements with Modern Land Group, (ii) property management service engagements with property owner associations, (iii) property management service engagements with third-party developers, (iv) projects for which we are providing consulting services and (v) projects in relation to mergers and acquisitions. They are in the nature of timelines with specific goals to be achieved within particular time frames, and also refer to the relevant internal policies and procedural documents. We believe these checklists allow us to standardize our business operations across our Group, thereby allowing us to maintain and enhance the quality of our services.

Quality Control over Subcontractors

We typically set forth expected standards of quality in our subcontracting agreements. We regularly evaluate the performance of our subcontractors and may require that they take appropriate and necessary rectification measures for incidents of substandard performance. In the event they consistently fail to do so, we generally reserve the right to terminate. We may also be entitled to collect a fine calculated as a percentage of the total contract price. For more information, see "— Suppliers — Subcontracting — Selection and Management of Subcontractors" and "— Suppliers — Subcontracting — Key Terms of Subcontracting Agreements for Property Management Projects" in this section.

Feedback and Complaint Management

During the ordinary course of our business, we seek and receive customer feedback and complaints about our services. Customers may provide us with feedback and complaints by dialing our "400" national service hotline or communicating with employees stationed at our property management projects. We have internal policies and procedures for responding to and recording customer feedback and complaints, and following up with our customers for reviews on our responses.

We require our employees to record all customer feedback and complaints into our system within ten minutes. If the issue may be resolved within 30 minutes, they are required to implement resolution steps immediately and respond to the customer within that same time frame. If the issue may not be resolved within 30 minutes, our employees are required to devise a solution and report to the customer accordingly within that same time frame. The employee may choose to agree on an alternative timeline with the customer; however, if he or she is unable to resolve the issue within the agreed-upon period, then we expect him or her to follow up and record progress in our system on a daily basis. For issues that we may not be able to resolve, our policy is to analyze the issue, exert all our best efforts and report our progress to our customers. For issues that are related to the property developer in the pre-delivery stage, we will follow up on resolution measures with the property developer on a monthly basis.

We have similar resolution procedures for customer feedback and complaints received through PRC social media websites and other internet forums. Additionally, when we receive complaints of a similar nature several times from single or multiple customers, we will escalate such issues upwards in our management structure for resolution. We believe this system allows our senior management to analyze problems and address any necessary systemic changes with a uniform, standardized approach.

Once we have handled our feedback and complaints, we assign employees to revisit our customers and ensure they are satisfied with our resolution measures. Such employees would not be the same as those who initially received and handled the feedback and complaints. If a customer is not satisfied, the complaint would be deemed unresolved and we would continue following up on the matter. We require employees to revisit customers who contacted us through our "400" national service hotline within one day of resolving their feedback and complaints. We have also established an internal reporting system that alerts us when feedback and complaints have not been resolved within 48 hours.

The nature of feedback and complaints we receive generally relate to daily affairs in the management of properties and could relate to our service quality and responsiveness, our subcontractors, the property developer or other property owners and residents. During the Track Record Period and up to the Latest Practicable Date, we had no unresolved complaints relating to our services potentially involving material amounts in monetary compensation, nor did we receive any customer complaints that would have a material adverse impact on our operations or financial results.

INTELLECTUAL PROPERTY

We believe our intellectual property rights are critical to our continued success. As of the Latest Practicable Date, we owned 42 copyrights to our self-developed software, mascot and logo and had registered three domain names and 14 trademarks that we believe are material to our business. We had also registered 48 patents, including 46 utility model patents and two industrial design patents, and had applied to register one more invention patent and six more utility model patents. During the Track Record Period and up to the Latest Practicable Date, we were not aware that we had materially infringed any intellectual property rights owned by third parties, nor were we aware that any third parties had materially infringed our intellectual property rights. For more information on our intellectual property, see "— Research and Development — Overview" in this section. For more information about our registered intellectual property and intellectual property applications, see "Appendix IV — Statutory and General Information — B. Further Information About our Business — 2. Our Material Intellectual Property Rights" to this prospectus.

AWARDS

The following table sets forth a selection of the notable awards and accreditations we received:

Date of award or recognition	Name of award or recognition	Awarding entity
May 2020	2020 Top 100 Property Management Companies (2020中國物業服務百強企業) — No. 31	CIA
May 2020	2020 Leading China Property Management Companies for Characteristic Services — China Green Technology Innovative Property Management Enterprise (2020中國特色物業服務領先企業－中國綠色科技物業創新企業)	CIA
May 2020	2020 Top 100 Property Management Companies in terms of Service Quality (2020中國物業服務百強服務質量領先企業)	CIA
August 2019	2019 Top 50 PRC Residential Community Care Exemplary Enterprises for Customer Satisfaction (2019中國社區服務商客戶滿意度模範企業)	EH Consulting
August 2019	2019 Top 100 PRC Residential Community Care Enterprises (2019中國社區服務商) — No. 40	EH Consulting
May 2019	2019 Top 100 Property Management Companies (2019中國物業服務百強企業) — No. 35	CIA
May 2019	2019 Leading China Property Management Companies for Characteristic Services — China Green Technology Innovative Property Management Enterprise (2019中國特色物業服務領先企業－中國綠色科技物業創新企業)	CIA

Date of award or recognition	Name of award or recognition	Awarding entity
May 2019	2019 Top 100 Property Management Companies in terms of Service Quality (2019中國物業服務百強服務質量領先企業)	CIA
September 2018	2018 Certificate of China Property Management Brand Value (2018中國物業服務品牌價值研究成果鑒定書)	CIA
June 2018	2018 Top 100 Property Management Companies (2018中國物業服務百強企業) — No. 40	CIA
June 2018	2018 Leading China Property Management Companies for Characteristic Services — China Green Technology Innovative Property Management Enterprise (2018中國特色物業服務領先企業－中國綠色科技物業創新企業)	CIA
June 2018	2018 Top 100 Property Management Companies in terms of Service Quality (2018中國物業服務百強服務質量領先企業)	CIA
June 2017	2017 Top 100 Property Management Companies (2017中國物業服務百強企業) — No. 46	CIA
June 2016	2016 Leading China Property Management Companies for Characteristic Services — Leading China Green Property Management Listed Enterprise (2016中國特色物業服務領先企業－中國領先綠色物業上市企業)	CIA
June 2016	2016 Top 100 Property Management Companies (2016中國物業服務百強企業) — No. 51	CIA
June 2015	2015 Top 100 Property Management Companies (2015中國物業服務百強企業) — No. 76	CIA

COMPETITION

For more information, see "Industry Overview — The PRC Property Management Industry — Competitive Landscape and Position".

RESEARCH AND DEVELOPMENT

Overview

We believe research and development supports our ability to provide property management services and green living solutions. We seek to anticipate and respond to ever-evolving trends and market demand for comfort-enhancing green technologies.

We generally initiate and carry out our research and development projects on a rolling basis and in parallel with our service engagements. When we encounter issues that arise in the course of executing our obligations, we may respond by initiating short-term research projects. For example, we may be challenged by property characteristics or other variables when implementing our energy systems designs. In such cases, we would investigate immediately to resolve the issue. We would deploy the results of our research to other green technology consulting or systems installation projects in the future. Our employees involved in property management may also draw on their experiences with managing and operating properties to develop patents for the various components of our green technologies. For more information, see "— Our Green Technologies" in this section.

During the Track Record Period, we enlisted the help of third-party research institutions to refine or develop our green technologies. For example, we worked with the China Academy of Building Research (中國建築科學研究院有限公司) to build our Green Cloud Platform and collect and analyze performance data in connection with our energy operation projects. Other than our employees in the Research and Development Center, all of our employees in the Energy Operation Center and Green Technology Living Service Center may also be involved in research and development efforts. Mr. Jia Yan generally leads our research and development efforts and is one of our executive Directors and co-chief executive officers. He has been nationally certified as a Senior Engineer (高級工程師) since 2007 and received the "Annual China Green Building Innovation Award — Second Level" (2015年度全國綠色建築創新獎二等獎) in 2015. Our employees involved in research and development have earned bachelor's degrees in subject areas related to engineering, energy, automation and architecture.

As of the Latest Practicable Date, we owned 48 patents, including 46 utility model patents and two industrial design patents, and had applied to register one more invention patent and six more utility model patents. We have also secured "High and New Technology Enterprise" (高新技術企業) certifications at local and national levels for First Property Management and First Living, respectively, since December 2016.

In testament to our research and development capabilities, we were invited to participate in the drafting or revision of industry standards during the Track Record Period. This included the Beijing Regional Standards on Fresh Air Systems in Residential Buildings (北京市地方標準居住建築新風系統技術規程) with Beijing MOHURD (北京市住房和城鄉建設委員會) and the Beijing Municipal Bureau of Quality and Technical Supervision (北京市質量技術監督局) in April 2018, as well as the Active House Assessment Standard (主動式建築評價標準) with the Architectural Society of China (中國建築協會) in September 2019. We believe such collaborative efforts allows us to gain further insight into energy conservation techniques.

We believe our approach to research and development allows our employees to accumulate practical knowledge and experience and innovate accordingly. Our total research and development expenses in 2017, 2018, 2019 and the four months ended April 30, 2020 amounted to approximately RMB3.0 million, RMB4.3 million, RMB7.6 million and RMB0.5 million, respectively, representing 0.8%, 0.9%, 1.2% and 0.2% of our total revenue, respectively. During the Track Record Period, we recognized expenditure on research activities as an expense in the period it was incurred. For more information, see "Financial Information — Description of Certain Components of Our Combined Statements of Profit or Loss and Other Comprehensive Income — Administrative Expenses".

OCCUPATIONAL HEALTH AND SAFETY

We are subject to PRC laws in relation to occupational health and safety. During the Track Record Period and up to the Latest Practicable Date, we conducted our operations in accordance with standards represented by our ISO 45001:2018 certification, which First Property Management first obtained from the China Quality Mark Certification Group of China on March 30, 2016. Our current certification is valid from March 26, 2019 through March 29, 2022. We train our employees on how to react during selected emergencies. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material accidents involving personal injury or property damage. Our PRC Legal Advisor confirms that we have complied with all applicable laws and regulations in relation to workplace safety in all material respects, and our Directors confirm that there were no material labor disputes or labor-related legal proceedings against us during the Track Record Period and up to the Latest Practicable Date.

EFFECTS OF THE OUTBREAK OF THE NOVEL CORONAVIRUS ON OUR BUSINESS OPERATIONS

Towards the end of 2019, a highly infectious novel coronavirus was identified in and quickly spread globally and throughout China. The novel coronavirus is considered highly contagious. In response, measures such as travel restrictions have been imposed in major cities in China, as well as other countries and territories, in an effort to contain the outbreak. As of the Latest Practicable Date, the novel coronavirus had spread across China and to over 30 countries and territories globally. The death toll and the number of infected cases has continued to rise.

The outbreak of the novel coronavirus has been particularly severe in Hubei province, such that a lock-down of Wuhan was implemented by the PRC Government on January 23, 2020. As of the Latest Practicable Date, we had 11 property management projects in Wuhan city, Xiantao city and Jingzhou city of Hubei province, amounting to a total GFA under management of 1.9 million sq.m. and representing 11.3% of our total GFA under management. We also provided value-added services and green living solutions in Hubei province. In 2017, 2018, 2019 and the four months ended April 30, 2020, our exposure in terms of total revenue contribution in Hubei province was RMB20.9 million, RMB25.6 million, RMB32.7 million and RMB16.2 million, respectively, accounting for 5.5%, 5.2%, 5.2% and 7.2%, respectively, of our total revenue.

The outbreak is expected to result in high numbers of fatalities and have a material adverse impact on the PRC economy. However, our Directors are of the view that the novel coronavirus did not and will not materially impact our business operations. To the best knowledge of our Directors after consulting with Modern Land Group, the novel coronavirus outbreak has not had any adverse material impact on Modern Land Group which may lead to material delays in project delivery schedules or affect our ability to acquire new projects. Additionally, since the outbreak of the novel coronavirus and up to the Latest Practicable Date, we did not encounter any material disruption to our business operations and supply chain, nor any termination of our property management contracts and green living solutions engagements. Property management and energy operation services are both considered essential to daily life, with their importance magnified as mandatory quarantine measures lead people to remain home. In such times property management companies are expected to take the lead in ensuring hygiene in common areas and implementing mitigation measures to safeguard the health of property owners and residents. We believe this is an opportunity for us to demonstrate our service quality and professionalism. In the short term, we anticipate that the novel coronavirus may affect our provision of property management services to the extent that quarantine and social distancing measures delay the completion of properties and the point in time from when we may begin collecting property management fees. For example, as a result of the novel coronavirus outbreak, the delivery of one of our contracted projects for property management in Wuhan city, Hubei province was delayed from March 30, 2020 to June 20, 2020. Additionally, we may experience delays in our collection of property management fees while quarantine and social distancing measures are implemented, as we did in the four months ended April 30, 2020. We generally collect property management fees in person. Even when property owners and residents are using electronic means of payment (e.g. credit cards and third-party platforms such as WeChat Pay and AliPay), the relevant procedures require them to physically approach the property management office. For more information, see “Financial Information — Summary of our Cash Flows — Cash Flows in Relation to our Operating Activities — Four Months Ended April 30, 2020”. As of the date of this prospectus, we had gradually resumed the pace of property management fee collection, particularly as quarantine and social distancing measures were relaxed amid more effective control of the novel coronavirus outbreak in China.

The novel coronavirus has negatively impacted, and may continue to negatively impact, our provision of value-added services and green living solutions. For example, due to quarantine and social distancing measures, the sales and leasing offices we serviced in relation to 35 engagements were temporarily closed from February to April 2020, signifying that we were only able to station the minimum number of staff required for general upkeep and maintenance, as opposed to full capacity for the provision of sales assistance services. We also provided less home living and communal area leasing services during the four months ended April 30, 2020. Additionally, as property development and redevelopment projects were interrupted, our progress on a collective six out of 63 ongoing green technology consulting projects, systems installation projects and AIRDINO systems sales transactions as of April 30, 2020 were temporarily suspended for approximately one to three months.

As of the date of this prospectus, we had resumed performing our obligations for all but one of the green living solutions engagements that were temporarily suspended in the four months ended April 30, 2020 (which is expected to resume by October 2020 and has a contract price of RMB3,080,000), were once again able to staff all of our sales and leasing offices at full capacity since May 2020, and were gradually increasing our provision of home living and communal area leasing services. Given the above and on the assumption that novel coronavirus outbreak in PRC will continue to stabilize, we expect that the temporary business disruptions brought by the outbreak are unlikely to materially and adversely impact our operations and financial performance for the year ending December 31, 2020. We estimate that the aforesaid business disruptions brought by the outbreak of the novel coronavirus, including (i) the delay in the delivery of one of our contracted property management projects; (ii) the temporary closure of 35 sales and leasing offices; (iii) the decrease in the provision of home living and communal area leasing services; and (iv) the temporary suspension of certain of our projects under our green living solutions business line had reduced our revenue by approximately RMB14.3 million for the four months ended April 30, 2020. Despite the foregoing, our revenue for the four months ended April 30, 2020 increased as a result of our business expansion as compared to the same period in 2019. In addition, our trade receivable turnover days increased from 67 days for the year ended December 31, 2019 to 74 days for the four months ended April 30, 2020, which was partly attributable to the delay in collection of property management fees as a result of the outbreak of the novel coronavirus. The outbreak has led us to implement the following measures in our properties under management to prevent transmission of or mitigate exposure to the disease. We incurred expenses of RMB0.6 million for the four months ended April 30, 2020 in relation to the implementation of such measures. These included, among others: (i) closing all but one or two main points of exit and entry, to conduct controlled and focused temperature screening; (ii) setting up parcel collection points and restricting entry of delivery personnel; (iii) regularly cleaning and disinfecting common areas, waste disposal units, elevators and ventilator systems in our properties under management; (iv) placement of hand sanitizers at reception or other public areas, as well as disposable gloves inside elevators for button pressing; (v) requiring employees and subcontractors (collectively, our "**staff**") to wear suitable protective gear, such as gloves, goggles and face masks; (vi) requiring staff to undergo full-body disinfecting procedures after performing services related to waste disposal;

(vii) requiring staff to undergo temperature screenings each day; and (viii) recommending that our staff avoid personal contact with our customers and increase their use of other means of communication (such as phone calls, text messages, WeChat, email and posting of notices) in handling daily business operations. We took account of laws and policies promulgated by the PRC Government in the preparation of our control measures. We estimate that the additional costs incurred for implementing them, after taking into account estimated costs of the medical and cleaning supplies distributed by local governments, to be approximately RMB1.6 million for the year ending December 31, 2020. We may continue to purchase medical and cleaning supplies in the near future to ensure the safety of our employees, the cost of which we believe would not be material. Our Directors confirm that the costs associated with our control measures will not have significant impact on our financial position for the year ending December 31, 2020.

We constantly monitor the status of the novel coronavirus outbreak, as well as the various regulatory and administrative measures adopted by local governments to prevent and control the pandemic. Once the situation deteriorates, we will continue to evaluate the impact of this outbreak on us and may enhance our control measures to mitigate adverse effects on our business operations, results of operations and financial position.

Taking into account that (i) our operations in Hubei province do not constitute a significant portion of our overall business, (ii) we did not experience any labor shortages caused by the novel coronavirus, (iii) we expect to have sufficient working capital to satisfy our requirements for at least the next 12 months following the date of this prospectus, (iv) we had gradually resumed the pace of property management fee collection as of the date of this prospectus, (v) other than the contracted project in Hubei province, whose delivery to us for property management was delayed until June 20, 2020, we do not expect to experience delays in the delivery of any other contracted projects, (vi) as of the date of this prospectus, we had resumed performing our obligations for all but one of the green living solutions engagements that were temporarily suspended in the four months ended April 30, 2020 (which is expected to resume by October 2020 and has a contract price of RMB3,080,000), and were once again able to staff all of our sales and leasing offices and (vii) our Directors are of the view that the risk of our Group having to suspend our operations is remote, we do not expect that the outbreak of the novel coronavirus would have any material adverse impact on our business and results of operations for the year ending December 31, 2020. For more information, see "Summary — Recent Developments and No Material Adverse Change — No Material Adverse Change" and "Financial Information — Liquidity and Capital Resources — Working Capital Sufficiency". Furthermore, while we are still subject to certain risks related to the novel coronavirus, we do not expect it to have any material adverse impact on our strategy of acquiring or investing in small- to medium-sized property management companies. For more information, see "Risk Factors — Risks Relating to our Business and Industry — We face certain risks associated with the outbreak of the novel coronavirus".

We estimate that, in the unlikely event 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 novel coronavirus outbreak, based on the assumptions below and except that there would be 10% of the net proceeds from the Global Offering as allocated for working capital, our Group will remain financially viable for over ten months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the novel coronavirus mainly include: (i) we will not generate any income due to the suspension of business; (ii) we will incur one-month staff cost to dismiss front line staff assuming no mutual consent to take unpaid leave is obtained from them; (iii) trade receivables are generally settled consistently with historical patterns; (iv) trade payables are settled upon their due dates; (v) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level (including administrative staff cost, basic head office maintenance cost, utilities expenses, rental related payments) that are paid monthly; (vi) the expansion plan is delayed under such condition; and (vii) there will be no further internal or external financing from Shareholders or financial institution. This extreme situation may or may not occur. Our analysis is for illustrative purpose only and our Directors currently assess that the likelihood this extreme situation may occur is remote. As the actual impact from the novel coronavirus outbreak will depend on its subsequent development, it is possible that any impact on our Group may be beyond the control of our Directors and that of our estimation and assessment.

Effects of the Outbreak of the Novel Coronavirus on our Business Strategies

Our business strategies include expanding the scale of our property management business through multiple channels, which includes the acquisition of or investment in property management companies. According to CIA, although the outbreak of the novel coronavirus is expected to cause certain short-term economic slowdown across China, it is unlikely to affect regional macroeconomic development in the long term. CIA has also projected that the novel coronavirus outbreak is expected to have limited impact on the PRC property management industry, as (i) while the PRC property development industry may be negatively impacted by the outbreak of the novel coronavirus, given the continuous rise in the urban population and urbanization rate in China, there will continue to be demand for residential and commercial properties and related property management services, particularly once the outbreak has been effectively controlled; (ii) since the pandemic is not expected to affect GFA under management and property management fee rates, it is unlikely to affect the size of the existing PRC property management market; and (iii) property construction and sales activities that were delayed have gradually resumed since measures taken by the PRC Government have mitigated the spread of the novel coronavirus. Based on the above, our Directors believe our various expansion plans are feasible, and it is unlikely we would change the use of our proceeds from the Global Offering for other purposes as a result of the novel coronavirus outbreak.

ENVIRONMENTAL PROTECTION

We are committed to environmental protection and have adopted and implemented measures to ensure that we meet the standards represented by our GB/T24001-2016/ISO14001:2015 environmental management certification, which First Property Management first obtained from the China Quality Mark Certification Group on March 30, 2016. Our current certification is valid from March 26, 2019 through March 29, 2022.

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

EMPLOYEES

We believe the expertise, experience and professional development of our employees contributes to our growth. Our human resources department manages, trains and hires employees.

As of April 30, 2020, we had a total of 2,095 full-time employees in China. The following table sets forth the number and breakdown of our full-time employees by function:

	Number of employees	% of total
Office of the President	10	0.5
Office of the Board of Directors	7	0.3
Financial Planning and Investment Management Center	138	6.6
Strategy Development Center	32	1.5
Management Center	273	13.0
Research and Development Center	22	1.1
Project Management Center	134	6.4
Property Management Center	1,359	64.9
Energy Operation Center	96	4.6
Green Technology Living Service Center	24	1.1
Total	2,095	100.0

The following table sets forth a breakdown of our full-time employees by geographic location as of April 30, 2020:

	Number of employees	% of total
Beijing municipality	665	31.7
Hunan province	396	18.9
Hubei province	238	11.3
Shanxi province	175	8.4
Jiangxi province	137	6.5
Anhui province	105	5.0
Guangdong province	77	3.7
Jiangsu province	62	3.0
Liaoning province	35	1.7
Shanghai municipality	64	3.1
Shaanxi province	47	2.2
Hebei province	21	1.0
Shandong province	27	1.3
Zhejiang province	6	0.3
Others	40	1.9
Total	2,095	100.0

As of the Latest Practicable Date, certain of our employees belonged to our labor union called First MOMA Asset Management (Beijing) Co., Ltd. Labor Union (第一摩瑪資產管理(北京)有限公司的工會委員會). During the Track Record Period and up to the Latest Practicable Date, we did not experience any industrial actions or material labor disputes in relation to our employees.

Recruitment and Retention

We seek to hire and retain talent by offering competitive wages and benefits and systematic training programs across all levels. We are also focused on creating a merit-based ecosystem focused on hard work and exchange of ideas.

Recruitment and Training

We source candidates through various channels, such as online job banks, campus recruitment, headhunters, industry summits, referrals and job fairs. We may also choose to promote employees internally to our senior management positions, as we believe in internal upward mobility and career development. Our review and screening of candidates takes into account factors such as educational credentials, work experience, professional qualifications, personality and potential.

Our training programs for employees include orientations, classes on standard operating procedures for new hires, training camps tailored to different employee levels and sharing sessions hosted by our senior management or third-party industry experts. For employees in leadership and senior management positions, we develop opportunities for them to communicate with reputable universities, corporations and third-party industry experts and offer them funding to participate in external courses or qualifications exams.

"Talented Leaders Scheme" (將才計劃)

Our "Talented Leaders Scheme" is a program for recruiting and training managerial staff. It consists of recruitment initiatives, training sessions and bonus incentive programs that reward exceptional performance. One of the key components to our "Talented Leaders Scheme" is the "Elite Lieutenants Program" (精兵營) for training project managers. Under the "Elite Lieutenants Program", we organize training camps to cultivate project management skills, with specific focus on service quality, operation, management, customer satisfaction, team work and communication. The class speakers will include both senior management and third-party industry experts. To reinforce the knowledge learned, we will also organize group activities and written examinations. Employees who graduate from the "Elite Lieutenants Program" with the highest honors will be first in line for promotion opportunities.

"Talented Apprentice Scheme" (匠才生計劃)

The "Talented Apprentice Scheme" is our graduate recruitment program. Each year we will draw up a list of graduate-level vacancies by department and target our recruitment efforts towards selected universities throughout China. Graduates who join us as part of the "Talented Apprentice Scheme" will complete an internship of approximately four months before they become official employees. Our primary goals throughout the internship period include helping graduates assimilate into our corporate culture and training them as to knowledge and skills we believe essential to their success. These include, but are not limited to, our commitment to quality, the business operations of various departments and familiarity with our standard operating policies and procedures. We evaluate our fresh graduates and provide them with feedback on their performance from time to time.

Retention and the "Green Giant Program" (綠·巨人項目)

We established our "Green Giant Program" to recognize employees in the customer service, order and security maintenance, engineering management, environmental management, human resources and information operations functions for exceptional performance in areas such as sophistication, professionalism, communication, management and execution. Employees would undergo a competitive evaluation process involving training sessions, written tests and interviews. The "Green Giant Program" would conclude with a closing ceremony where employees are recognized as "Green Star Butlers" (綠星管家), "Green Star Warriors" (綠星衛士), "Green Star Craftsmen" (綠星工匠), "Green Star Gardeners" (綠星園丁) or "Green Star HR" (綠星HR). Employees will also receive salary increases based on the number of times they participated and were certified in our "Green Giant Program", which occurs twice a year. We believe this program allows us to train, motivate and retain talent, which is important to our continued growth.

INSURANCE

During the Track Record Period, we purchased (i) public liability insurance to cover liabilities for personal injury or property damage suffered by third parties in accidents arising out of our business operations, (ii) all-risks assets insurance to cover liabilities arising from natural disasters or unanticipated occurrences (including but not limited to strikes, riots, earthquakes, tsunamis and terrorism) that result in property damage, (iii) supplementary medical insurance for our employees in Beijing at or more senior to the position of department manager, and (iv) employer's liability insurance to cover liabilities associated with accidental injury to, and damages to third parties caused by, interns and post-retirement employees for whom we do not make social insurance and housing provident fund contributions. Consistent with customary practice in China, we do not carry any business interruption insurance or litigation insurance. Our Directors believe that our existing insurance coverage is in line with the industry norm and sufficient for our present operations. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. For more information, see "Risk Factors — Risks Relating to Our Business and Industry — our insurance coverage may not sufficiently cover the risks related to our business operations".

CERTIFICATES, LICENSES AND PERMITS

We are required to obtain and maintain various certificates, licenses and permits in relation to our operations. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material certificates, licenses and permits from relevant regulatory authorities necessary for our business operations, and all of our certificates, licenses and permits were in force. We are required to renew such certificates, licenses and permits from time to time. As advised by our PRC Legal Advisor, we do not expect any difficulties in such renewals so long as we meet the applicable requirements and conditions set by the relevant government agencies and adhere to procedures set forth in relevant laws and regulations.

PROPERTIES

As of the Latest Practicable Date, we owned ten properties in Jiujiang city of Jiangxi province, with an aggregate GFA of approximately 1,037.6 sq.m., which we held for leasing purposes. As of the Latest Practicable Date, we have obtained all title certificates for our own properties.

As of the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets. Therefore, we did not need to prepare a valuation report with respect to our property interests in reliance upon the exemption provided by section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

As of the Latest Practicable Date, we rented a total of 76 properties for use as office premises, staff dormitories and storage rooms in various locations in China with an aggregate GFA of approximately 9,703.0 sq.m. We leased office premises from Modern Land Group during the Track Record Period. In 2017, 2018 and 2019, our lease payments to Modern Land Group amounted to RMB0.9 million, RMB0.4 million and RMB0.9 million, constituting 0.2%, 0.1% and 0.1% of our total revenue, respectively. We did not lease office premises from and make any lease payments to Modern Land Group during the four months ended April 30, 2020. Our Directors confirm that the lease agreements were negotiated on an arm's length basis and on normal commercial terms. We did not negotiate the terms of our lease agreements and the terms of our service engagements with Modern Land Group at the same time and our sales to and lease payments made to Modern Land Group were not related to or conditional on each other.

As of the Latest Practicable Date, we had not registered the lease agreements for 74 of our leased properties with the local housing administrative authorities as required under PRC law, primarily due to (i) the lack of ownership certificates of relevant properties, (ii) the lack of lease agreement registration services with certain local housing administrative authorities, and (iii) the lack of cooperation from our landlords in registering the relevant lease agreements. All of the above were factors beyond our control. Our PRC Legal Advisor has advised us that we might be ordered to rectify this failure to register by competent authorities and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 per agreement may be imposed as a result. The estimated total amount of potential penalty for our failure to register our lease agreements is approximately RMB52,000 to RMB520,000. During the Track Record Period and up to the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to file the lease agreements described above. Our PRC Legal Advisor has also advised us that the failure to register the lease agreements would not affect the validity of the lease agreements, 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.

As of the Latest Practicable Date, among the 76 properties we leased in China, the property ownership certificates for 63 properties (amounting to a total GFA of approximately 8,624.7 sq.m.) were obtained by the relevant landlords. The property ownership certificates for 13 of our leased properties (amounting to a total GFA of approximately 1,078.3 sq.m.) have yet to be obtained.

As of the Latest Practicable Date, the 13 properties for which our landlords did not obtain ownership certificates have title defects that may adversely affect our ability to continue using them going forward. The total GFA of these properties with defective titles, which we used as staff dormitories and storage rooms, represent 11.1% of our total GFA of leased properties. In the event that title disputes arise, we may encounter obstacles in our use of these properties and be required to relocate.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any challenge by a third party or government authority on the titles of any of our leased properties such that they would affect our current use. Such title defects relate to properties used as staff dormitories and storage rooms, for which there are alternative properties readily available in the market and we would find easy to relocate. Our Directors are of the view that, in the unlikely event we are required to leave the properties, we would be able to find alternative properties similar in size and characteristics in nearby locations without encountering significant obstacles or incurring substantial costs. As advised by our PRC Legal Advisor, the lack of property ownership certificates for certain of our leased properties will not have a material adverse effect on our overall financial condition or results of operations. For more information on the risks related to our failure to register the lease agreements, see "Risk Factors — Risks Relating to our Business and Industry — We may face challenges by third parties or government authorities with respect to title defects relating to some of our leased properties, and incur additional expenses if we are forced to relocate due such title defects" in this prospectus.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be involved in legal, arbitration or administrative proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, there were no legal, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material adverse effect on our financial condition or results of operations.

Compliance

As confirmed by our PRC Legal Advisor, except for our failure to make full contributions to social insurance and housing provident funds for certain employees (as disclosed below), we have complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. For more information, see "Regulatory Overview".

Social Insurance and Housing Provident Fund Contributions

In accordance with the applicable PRC laws and regulations, we are required to contribute to social insurance (including pension fund, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and housing provident funds for all of our employees. During the Track Record Period, we did not make full contributions to social insurance and housing provident funds, primarily because some of our employees declined to make their social insurance and housing provident fund contributions in full.

Our PRC Legal Advisor has advised us that, under the Regulations on Administration of Housing Provident Fund (住房公積金管理條例), enterprises are required to pay and deposit housing provident funds on behalf of their employees in full and in a timely manner. In the event that an enterprise is overdue in payment and deposit of, or underpays, housing provident funds, the housing provident fund management center shall order the enterprise to rectify the violation within a stipulated period. If the payment and deposit was not made within the stipulated period, an application may be made to a people's court for compulsory enforcement. According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), 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 contributions within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay; if we fail to make such payments, we may be liable to a fine of one to three times the outstanding contribution amount. Our Directors estimate that the maximum penalty that can imposed on us for failing to make required payments in respect of outstanding social insurance and housing provident fund contributions within the prescribed periods would be approximately RMB10.9 million as of April 30, 2020.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any employee's complaints or demands for payment of social insurance premiums and housing provident fund contributions, nor had we received any legal documentation from the labor arbitration tribunals or the PRC courts regarding disputes in relation to this matter. We have obtained written confirmations from the local social insurance and housing provident fund authorities (namely the local human resources and social security bureaus, the local management centers of social insurance funds and the local housing fund management centers) and confirmations from our Directors, confirming that no administrative penalty has been imposed during the Track Record Period. Our PRC Legal Advisor is of the opinion that the relevant written confirmations were issued by the competent authorities. We will ensure our relevant PRC subsidiaries and branch companies duly comply in the event that the competent social insurance or housing provident fund authorities require our relevant PRC subsidiaries and branch companies to make contributions within a prescribed period. In view of the above, our PRC Legal Advisor has advised us that our risk of being penalized for the aforementioned failure to make full contributions to social insurance and housing provident funds for our employees is remote. We made provisions in the amounts of RMB3.9 million, RMB2.2 million, RMB0.9 million and RMB0.3 million on our financial statements in respect of such potential liabilities in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively. Our Directors are of the view that it will not have a material adverse effect on our business operations, nor will such events constitute a material legal obstacle for the Listing.

During the Track Record Period and up to the Latest Practicable Date, we had not received any notification from local social insurance and housing provident fund authorities requiring us to pay any shortfalls or imposing any penalties with respect to social insurance and housing provident funds. However, since July 2020, we began making social insurance and housing provident fund contributions in full for all of our eligible employees based on their actual salary levels. As an upward adjustment of our payment base will correspondingly increase contribution amounts due from our employees, we are also in the process of communicating with our employees to seek their understanding and cooperation in complying with the applicable payment base. Rectification of our non-compliance is in part subject to the cooperation of our employees, who may not be receptive to our communication efforts and have a different attitude towards our rectification plans, as they will be required to co-contribute. In pursuit of our commitment to being fully compliant with PRC laws and regulations relating to social insurance and housing provident funds, we will consult our PRC Legal Advisor when assessing and adjusting our payment base, and proactively liaise with the local social insurance and housing provident fund authorities for confirmation. In addition, as of the Latest Practicable Date, we have established various internal policies and procedures to ensure that we make full contributions in relation to social insurance and housing provident funds in the future, which include (i) regularly communicating with government agencies to ensure that our calculation and payment methods are in compliance with the relevant laws and regulations; (ii) regularly consulting outside counsel to understand whether we are at risk of non-compliance with the relevant laws and regulations; and (iii) regularly conducting internal trainings for our Directors, senior management officers and employees on laws and regulations relevant to social insurance and housing provident fund contributions.

OUR BANK ACCOUNT AND CASH MANAGEMENT POLICIES

We have a bank account and cash management system to manage cash inflows and outflows in our ordinary course of business. We have established bank account and cash management policies for our branches, including but not limited to requiring approval from our headquarters to open bank accounts and make cash payments, setting on-hand cash limits for our branches, setting deadlines for depositing cash into branch bank accounts, taking stock of the bank accounts and checking cash balances daily and reconciling the accounts on a monthly basis.

We also have bank account and cash management policies specifically relating to the commission basis revenue model. While implementing the commission basis, we require our branches to establish shared bank accounts with property owners. In practice, we would open such shared bank accounts with property owner associations that were established to represent property owners. Under this system, payments made out of the shared bank account must be approved by both ourselves and the property owner associations. The overall goal of our cash management policy is to ensure the security and reasonable use of cash. Further details of our bank account and cash management policies are as follows:

Cash flow transactions	Cash handling policies and internal control measures
Receipt of property management or other service fees from our customers	We have designated cashiers responsible for cash collection at our property management projects. They will verify that the cash collected are the correct amounts, deposit cash into our bank accounts and submit daily reports into our online management system. We require our branches to have separate bank accounts for cash outflow and to deposit cash in a timely manner. We have also set on-hand cash limits for our branches, such that they must deposit cash amounts that exceed a pre-determined maximum limit into their bank accounts. While implementing the commission basis, all property management fees collected must be deposited into shared bank accounts opened with property owner associations.
Payments made to our suppliers by our branches	Requests to make such payments shall be submitted in writing and pre-approved by the responsible supervisors. Once approved, we will make such payments through online transfers. While implementing the commission basis, we will form monthly payment plans in advance for review and approval by property owner associations. Upon receiving approval, designated cashiers will transfer the necessary funds from the shared bank accounts to our branch bank accounts, and we will pay our suppliers in accordance with the procedures and amounts specified in the payment plans. At the end of each month, we will provide financial statements showing the cash inflows and outflows in our branch bank accounts to property owner associations for review.

Cash flow transactions	Cash handling policies and internal control measures
Cash transfers between our branches and our centralized bank account	Cash is transferred between our branch bank accounts and our centralized bank account through a bank-corporation direct transfer channel.
Cash inventory and deposits	Our branches are required to reconcile and check bank account balances on a daily basis. Our headquarters conduct bank account balance and deposit checks on a monthly basis and, where there are any inconsistencies found against our internal financial records, require our branches to investigate, explain and undertake rectification measures as appropriate.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks throughout the course of carrying out our business operations. For more information, see "Risk Factors". Accordingly, we have implemented various risk management policies and measures to identify, assess and manage risks arising from our business operations. Our key risk management objectives include: (i) identifying the different risks relevant to our operations; (ii) assessing and prioritizing the identified risks; (iii) developing appropriate risk management strategies for different risks; (iv) monitoring and managing risks and our risk tolerance level; and (v) executing measures to respond to those risks. Our Board oversees and manages the risks associated with our business. We have established an audit committee to review and supervise our financial reporting process and internal control system. The audit committee consists of three members, namely Ms. Sun Jing, who serves as chairman of the committee, Ms. Zhu Caiqing and Mr. Cheng Peng. For the qualifications and experience of these committee members, see "Directors and Senior Management".

In order to improve our corporate governance, we have adopted, or expect to adopt before Listing, a series of internal control policies, procedures and programs designed to provide reasonable assurance for achieving objectives such as effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the following:

- Our Directors and senior management attended a training session on May 19, 2020 in relation to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;

- We appointed Ms. Szeto Kar Yee Cynthia as our company secretary to ensure compliance with relevant laws and regulations. For her biographical details, see "Directors and Senior Management";

- We appointed Soochow Securities International Capital Limited as our compliance advisor to advise us on compliance with the Listing Rules; and

- We adopted various policies to ensure compliance with the Listing Rules, including those in relation to risk management, continuing connected transactions and information disclosure.

In preparation for the Global Offering, we engaged an internal control consultant to review our internal control system, which mainly covers the following aspects: our provision of services, procurement, human resources management, asset management, cash management, insurance, finance and accounting, tax filings and payments, intellectual property protection, management of our information technology systems and other general control measures.

Our internal control consultant proposed various rectification and improvement measures for our internal control system based on its findings. Accordingly, we implemented rectification and improvement measures in response to these findings and recommendations. Our internal control consultant has also completed procedures to follow up on remedial and improvement measures we implemented, and we did not receive any additional recommendations from the internal control consultant as of the Latest Practicable Date. Taking into account the above, our Directors and the Sole Sponsor are of the view that our enhanced internal control measures are adequate and effective for our current business environment.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account options which may be granted under the Share Option Scheme), Glorious Group, Cedar Group and Hao Fung will hold approximately 33.2%, 6.4% and 17.1%, respectively of our total issued share capital. Glorious Group and Cedar Group are both controlled and wholly-owned by Mr. Zhang Lei. Hao Fung is controlled and wholly-owned by Mr. Zhang Peng.

On May 8, 2020, Mr. Zhang Lei and Mr. Zhang Peng entered into an acting-in-concert agreement, pursuant to which they agreed that Mr. Zhang Peng will put forward such resolution as advised and expressed by Mr. Zhang Lei, to be passed at any shareholders' meeting of the members of our Group or their respective predecessors during the period when they remain as controlling shareholders of our Company. Mr. Zhang Peng also agreed to vote in the same manner as advised and expressed by Mr. Zhang Lei. They also confirmed that they had been acting in such manner since May 18, 2016.

Mr. Zhang Lei and Mr. Zhang Peng, together as a concert group, will be interested in more than 30% equity interest indirectly in our Company through their respective controlled companies, namely, Glorious Group, Cedar Group and Hao Fung upon Listing. Accordingly, Mr. Zhang Lei, Glorious Group, Cedar Group, Mr. Zhang Peng and Hao Fung are regarded as a group of Controlling Shareholders of our Group.

Mr. Zhang Lei is an entrepreneur who operates multiple lines of business via various holding companies. Considering that Mr. Zhang Lei ceased to be a director of Beijing Modern, one of the predecessors of First Property Management on August 6, 2006 to better focus on his other commitments, and he may exercise control over members of our Group through the acting-in-concert arrangement with Mr. Zhang Peng, Mr. Zhang Lei does not intend to serve as a director of our Company. Mr. Zhang Peng has over 18 years of experience in the real estate and property development industry, and serves as a director and senior management of various companies in this industry. Apart from the business of our Group, the Controlling Shareholders and their close associates, individually or together, are currently interested (directly or indirectly) in a number of companies which have been excluded from our Group (the "**Controlling Shareholders Group**"). The Controlling Shareholders Group operates separate businesses including property development, property investment, hotel and service apartment operation, fitness services, education services and maintenance services, which do not overlap with those of our Group. For more information on its principal businesses, see "— Delineation of Business" in this section.

During the Track Record Period, we derived a significant part of our revenue from the Controlling Shareholders Group, being (i) the Modern Land Group, which comprises Modern Land, and its subsidiaries, (ii) the Modern Investment Group, which comprises Modern Investment, its subsidiaries and 30%-controlled companies (as defined under the Listing Rules), and (iii) the Super Land Group, which comprises Super Land, and the joint ventures and associates (as defined under the IFRS) that Super Land had invested in through the Modern Land Group.

Modern Land Group

Modern Land, a company incorporated in the Cayman Islands with limited liability in 2006 (the shares of which are listed on the Stock Exchange (stock code: 1107)), is a property developer based and principally focused in China. For more information on its principal businesses, see "— Delineation of Business" in this section. As of the Latest Practicable Date, it was ultimately owned as to (i) 66.11% by Mr. Zhang Lei (65.38% of which was owned through Super Land, a company ultimately and wholly-owned by a discretionary family trust, of which Mr. Zhang Lei and his family members are beneficiaries), (ii) 9.58% by China Cinda Asset Management Co., Ltd., an asset management company approved by the State Council (the shares of which are listed on the Stock Exchange (stock code: 1359)), (iii) 6.80% by China Great Wall Asset Management Co. Ltd., an asset management company approved by the State Council and (iv) 17.51% by other shareholders. Based on its 2019 annual report, the Modern Land Group recorded a net profit of RMB 1,054.4 million for the year ended December 31, 2019, with total assets of RMB68,536.9 million as at December 31, 2019.

During the Track Record Period and up to the Latest Practicable Date, our Group and the Modern Land Group did not have any overlapping major customers or suppliers. During the same period, other than using the same office building, our Group and the Modern Land Group did not share any key resources. Historically, we rented such office premises from the Modern Land Group, and rental expenses for which amounted to RMB 0.8 million, RMB 0.4 million and RMB0.6 million in 2017, 2018 and 2019, respectively. Since 2020, we have started to rent the same premises via the Modern Investment Group. For more information, see "— Modern Investment Group" in this section. For overlap of key management of our Group and the Modern Land Group, see "— Independence from Our Controlling Shareholders — Management Independence" in this section. Save for the transactions disclosed in "Connected Transactions", there was no fund flow between our Group and the Modern Land Group during the Track Record Period and up to the Latest Practicable Date.

Modern Investment Group

Modern Investment, a company incorporated in the PRC with limited liability in 1999, primarily engages in property related ancillary services. For more information on its principal businesses, see "— Delineation of Business" in this section. Modern Investment is indirectly wholly-owned by Mr. Zhang Lei and his daughter, Ms. Zhang Xinyu. Based on its unaudited consolidated management account, the Modern Investment Group recorded a net profit of over RMB100.0 million for the year ended December 31, 2019, with total assets of over RMB1,800.0 million as at December 31, 2019.

During the Track Record Period, Changsha Pengyue Real Estate Development Co., Ltd. (長沙市鵬躍房地產開發有限公司) and Beijing Runjin Real Estate Development Co., Ltd. (北京潤錦房地產開發有限公司), both of which engage in property development business, were also major customers of the Modern Investment Group. They procured engineering services, including decoration engineering and elevator system installation services from the Modern Investment Group. Save for the above, our Group and the Modern Investment Group did not have any overlapping major customer or supplier during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, our Group and the Modern Investment Group shared our proprietary office management software systems, which encompass various functionalities including document management, email system, human resources management, and finance and accounting management. Our Group and the Modern Investment Group also shared certain third-party enterprise software on cost basis. There are control measures in place to segregate data of our Group and that of the Modern Investment Group. Further, our Group and the Modern Investment Group shared the same office building, which our Group had started to rent via the Modern Investment Group since 2020. Rental expenses amounted to approximately RMB0.3 million for the four months ended April 30, 2020. For more information on the transactions, see "Connected Transactions — Non-Exempt Continuing Connected Transactions — Continuing Connected Transactions subject to the Annual Reporting and Announcement Requirements — Provision of Software and Services to the Modern Investment Group and the First Living Group — Master Software and Services Agreement with Modern Investment" and "Connected Transactions — Non-Exempt Continuing Connected Transactions — Continuing Connected Transactions subject to the Annual Reporting and Announcement Requirements — Property Leasing from the Modern Investment Group". Save for the above, our Group did not share any key resources with the Modern Investment Group during the Track Record Period and up to the Latest Practicable Date.

Save for the transactions disclosed in "History and Reorganization — Reorganization" and "Connected Transactions", there was no fund flow between our Group and the Modern Investment Group during the Track Record Period and up to the Latest Practicable Date. For overlap of key management of our Group and the Modern Investment Group, see "— Independence from Our Controlling Shareholders — Management Independence" in this section.

Super Land Group

Super Land, a company incorporated in the BVI with limited liability in 2006, held 65.38% interests in Modern Land Group as of the Latest Practicable Date. It primarily engages in property development, property investment and hotel operation through its holding companies. For more information on its principal businesses, see "— Delineation of Business" in this section. Super Land is ultimately and wholly-owned by a discretionary family trust, of which Mr. Zhang Lei, his family members and certain other individuals are beneficiaries. Based on Modern Land's 2019 annual report, the Super Land Group recorded a net loss of over RMB 30.0 million for the year ended December 31, 2019.

During the Track Record Period and up to the Latest Practicable Date, our Group and the Super Land Group did not have any overlapping customers, suppliers, or key management. During the same period, our Group and the Super Land Group did not share any key resources. Save for the transactions disclosed in "Connected Transactions", there was no fund flow between our Group and the Super Land Group during the Track Record Period and up to the Latest Practicable Date.

DELINEATION OF BUSINESS

Our Directors are of the view that there is clear delineation between the business of the Controlling Shareholders Group and our business which, as a result, none of the companies in the Controlling Shareholders Group would compete, or is expected to compete, directly or indirectly, with our business.

Our Group focuses on property management and providing green living solutions, while the Controlling Shareholders Group focuses on property development, property investment and a range of related business including hotel and apartment operation, catering services, fitness services, education services, real estate agency services and maintenance services. Our Group and the Controlling Shareholders Group have distinct business focuses, fixating on different parts of the property-related value chain.

The Controlling Shareholders Group, among others, engages in the business of hotel and apartment operation. Under the business model of its hotel and apartment operation, the Controlling Shareholders Group operates and manages hotels and service apartments under a range of brands. As distinguished from property management services, such hotel and service apartment operation services are mainly provided to guests and residents with needs for long and short term accommodation. This involves a wide range of services, which includes accommodation services, business reception services, catering services, housekeeping and engaging the necessary service providers including property management service providers to maintain the hotel establishment.

The table below sets forth the major business lines of (i) our Group, (ii) the Modern Land Group, (iii) the Modern Investment Group and (iv) the Super Land Group.

Our Group vs Controlling Shareholders Group	Principal Business Operations
Our Group	• Property management services, which primarily comprise cleaning, security, gardening and repair and maintenance. • Green living solutions, comprising (i) energy operation services; (ii) green technology consulting services; (iii) systems installation services; and (iv) sales of our AIRDINO systems. • Value-added services, comprising (i) parking space management services; (ii) communal area leasing services; (iii) sales assistance services; (iv) home living services; and (v) preliminary planning and design consultancy services.
Modern Land Group	• Property development • Property investment • Hotel operation

Our Group vs Controlling Shareholders Group	Principal Business Operations
Modern Investment Group	• Elevators installation and maintenance and other maintenance services • Catering services • Fitness services • Education services • Real estate agency services • Serviced apartment operations • Decoration engineering
Super Land Group	• Investment holding • Property development, property investment and hotel operation via its holding companies

Given the differences between the business operations of our Group and the Controlling Shareholders Group, there is a clear delineation between the business of our Group and those of the Controlling Shareholders Group. Our Directors are of the view that there is no current or expected competition, directly or indirectly, between the businesses of our Group and those of the Controlling Shareholders Group.

Mutual and Complementary Relationship

We have a well-established and ongoing business relationship with the Controlling Shareholders Group, which is nearly 20 years to date. While our Group has the ability to offer property management services and green living solutions to the Controlling Shareholders Group, catering to its needs at various stages of property development, we are able to count on it as a source of business opportunities and a provider of quality supporting services. The terms of contracts with the Controlling Shareholders Group, including the property management fee charged were comparable to that with third-party developers during the Track Record Period and up to the Latest Practicable Date. For more information, see “Summary — Our Business Model”.

According to CIA, the nature of the business relationship between our Group and the Controlling Shareholders Group is common among PRC property management companies and their associated property developers. In 2019, according to CIA, it was an industry norm for PRC property management companies to rely on businesses from their connected parties. In 2019, about 80% of the 2020 Top 100 Property Management Companies managed projects sourced from, and provided value-added services to their associated property developers, which accounted for approximately 60% of their total GFA under management. Among the 2020 Top 100 Property Management Companies that provided green living solutions, all of them generate a substantial portion of green living solution revenue from their associated property developers, ranging from 30% to 80%, according to CIA.

The Controlling Shareholders Group is principally engaged in, among others, property development and property related business, which requires property management services for its business development. Since 2001, we have provided various services to the Controlling Shareholders Group, including property management services and other value-added services. We have provided green technology consulting services, supplied our AIRDINO systems and provided installation services to the Modern Land Group and Super Land Group. We have also procured supporting services including maintenance services from the Modern Investment Group. Therefore, we consider such close business relationship between our Group and Controlling Shareholders Group mutual and complementary. In testament to our mutual and complementary relationship with the Controlling Shareholders Group, for each of 2017, 2018 and 2019 and the four months ended April 30, 2020, our success rate in tender bids for projects sourced from the Modern Land Group and other associates of our Controlling Shareholders was 100.0%. Our Group typically enters into preliminary management contracts with the Controlling Shareholders Group during the initial stages of property development projects. The table below sets forth the expected (i) number; (ii) location; (iii) type; and (iv) contracted GFA of property management projects that are expected to be awarded by the Controlling Shareholders Group subsequent to the Track Record Period:

	No. of Projects [1]	Locations [1]	Type of property [1]	Contracted GFA [1]
				sq.m.'000
Modern Land Group				
2020	21	Guangdong, Hubei, Hunan, Jiangxi, Jiangsu, Shandong, Shanxi, Shaanxi	Residential	3,841.3
2021 and thereafter	14	Chongqing, Guangdong, Guizhou, Hubei, Jiangsu, Shaanxi, Tianjing	Residential and non-residential	1,852.1
Super Land Group				
2020	5	Guangdong, Hubei, Hunan	Residential	881.7
2021 and thereafter	–	–	–	–

Note:

(1) Estimated based on land bank of the Modern Land Group and the Super Land Group as of June 30, 2020 according to Modern Land's 2020 interim results announcement.

The table below sets forth the (i) GFA under energy operation; (ii) number of parking spaces; (iii) number of sales assistance service projects; and (iv) contract sum for sales assistance service that are expected to be awarded by the Controlling Shareholders Group subsequent to the Track Record Period:

	GFA under energy operation (1)	No. of parking space (1)	No. of sales assistance service projects (1)	Contract sum for sales assistance service (1)
	sq.m.'000			RMB'000
Modern Land Group				
2020	290.3	29,255	8	13,205.4
2021 and thereafter	153.1	10,678	7	12,780.0
Super Land Group				
2020	–	9,393	3	11,214.2
2021 and thereafter	–	–	–	–

Note:

(1) Estimated based on land bank of the Modern Land Group and the Super Land Group as of June 30, 2020 according to Modern Land's 2020 interim results announcement.

Given the long history of business relationship, we and the Controlling Shareholders Group have developed a well-established mutual understanding in our collaborations. As such, our Directors are of the view that our current business relationship with the Controlling Shareholders Group is unlikely to materially adversely change or terminate.

COMPETING INTERESTS

Each of our Controlling Shareholders and Directors confirm that he/she/it or his/her/its respective close associates do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders and their respective close associates (other than our Group) after the Listing.

Management Independence

The day-to-day management of the business of our Group rests primarily with our Board and our senior management as of the Latest Practicable Date. Our Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. Despite our business relationships with the Controlling Shareholders Group, our management and operational decisions are made by all our executive Directors and senior management, most of whom have served our Group for a long time and all of whom have substantial experience in the industries in which we are engaged and/or in their respective fields of expertise. The balance of power and authority is ensured by the operation of the senior management and our Board. For more information, see "Directors and Senior Management". The table below sets forth the directorships in our Company and the Controlling Shareholders Group as of the Latest Practicable Date:

Name	Present position(s) in our Group	Present position(s) in the Controlling Shareholders Group
Mr. Zhang Peng (張鵬)	Chairman of our Board and non-executive Director	• Executive director and president of Modern Land • Chairman, executive director and manager of First Assets, a subsidiary of Modern Investment • Chairman of the board and non-executive director of First MOMA Sports Culture Development (Beijing) Co., Ltd (第一摩碼體育文化發展(北京)股份有限公司), and Bigger Eco Technology (Xi'an) Co., Ltd (倍格創業生態科技(西安)股份有限公司), both of which are subsidiaries of Modern Investment
Mr. Long Han (龍晗)	Non-executive Director	• Executive director of First Assets • Non-executive director of First MOMA Sports Culture Development (Beijing) Co., Ltd (第一摩碼體育文化發展(北京)股份有限公司) and Bigger Eco Technology (Xi'an) Co., Ltd (倍格創業生態科技(西安)股份有限公司), both of which are subsidiaries of Modern Investment

Name	Present position(s) in our Group	Present position(s) in the Controlling Shareholders Group
Mr. Liu Peiqing (劉培慶)	Executive Director, co-chief executive officer and general manager	• None
Mr. Jia Yan (賈岩)	Executive Director and co-chief executive officer	• None
Mr. Jin Chungang (金純剛)	Executive Director and deputy general manager	• None
Ms. Zhu Li (朱莉)	Executive Director and chief financial officer	• None
Ms. Sun Jing (孫靜)	Independent non-executive Director	• None
Ms. Zhu Caiqing (朱彩清)	Independent non-executive Director	• None
Mr. Cheng Peng (程鵬)	Independent non-executive Director	• None

Other than Mr. Zhang Peng and Mr. Long Han, who will remain in their existing roles in the Controlling Shareholders Group after Listing, none of our Directors holds any directorship or senior management position in the Controlling Shareholders Group. Mr. Zhang Peng and Mr. Long Han are non-executive Directors of our Group and are primarily responsible for formulating and leading the overall development strategies and business plans of our Group, they are not responsible for our Group's day-to-day management.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests. Further, we believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board. In addition, our Directors shall abstain from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest and shall not be counted in the quorum present at the particular Board meeting.

In the event that the overlapping Directors are required to abstain from any Board meeting of our Company on any matter which may give rise to a potential conflict of interest with the Controlling Shareholders Group, the remaining Directors will have sufficient expertise and experience to fully consider any such matter. There are also corporate governance measures in place to manage existing and potential conflicts of interest, therefore, the dual roles assumed by the overlapping Directors in most cases will not affect the requisite degree of impartiality of our Directors in discharging their fiduciary duties owed to our Company.

Further, our Group has a separate senior management team to carry out business decisions independently. All members of our senior management team, which comprise Mr. Pan Fengwei (潘鳳偉), Mr. Li Qingchang (李慶昌) and Ms. Niu Jiao (牛嬌) have served our Group for over five years. They form part of our core management team together and made material decisions in our business operation during the Track Record Period. There are no overlapping personnel between the senior management team of our Group and that of Controlling Shareholders Group.

Based on the reasons above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently from our Controlling Shareholders and their respective close associates.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, we have the full rights over, and to carry out, our own business operations independently. Our Company and our subsidiaries hold or enjoy the benefit of all relevant licenses necessary to operate our businesses, and have sufficient capital, equipment, independent access to customers and suppliers, and employees to carry on our business independently from our Controlling Shareholders. Save for certain continuing connected transactions conducted in the ordinary course of business of our Group as set out in "Connected Transactions", our Directors do not expect that there will be any other continuing connected transactions between our Group and the Controlling Shareholders Group. The continuing connected transactions will be conducted on normal commercial terms in accordance with the pricing policy of our Group.

There has been a continual increase in property management service engagement for projects sourced from third-party developers. We experienced growth in revenue generated from property management projects sourced from third-party developers, from RMB8.4 million in 2017 to RMB40.9 million in 2019, and from RMB12.3 million for the four months ended April 30, 2019 to RMB14.6 million for the four months ended April 30, 2020. Furthermore, our contracted GFA sourced from third-party developers increased at a CAGR of 89.5% from 2.7 million sq.m. as of December 31, 2017 to 9.7 million sq.m. as of December 31, 2019, and further to 10.2 million sq.m. as of April 30, 2020. Further, the majority of the property management service revenue of our Group was derived from Independent Third Parties, which accounted for approximately 88.6%, 85.9%, 87.9% and 93.0% of the property management service revenue of our Group in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively.

Our Group will continue to strengthen sales and marketing operations, and participate in more tender bids organized by third-party developers. While our Group can leverage our relationship with the Controlling Shareholders Group in securing property management projects, we have continually sought to expand our customer base. For more information, see "Business — Our Competitive Strengths — Significant Growth Opportunities Underpinned by our Independent Business Development Capabilities and Brought about by the Support of Modern Land Group". We will continue to approach third-party developers, especially those without strong affiliation with property management companies. Meanwhile, our Group has also been actively exploring opportunities to acquire third-party property management companies at reasonable price. We believe acquisition is an efficient manner to grow and diversify our customer and property management portfolio. For more information, see "Business — Our Business Strategies — Continue to expand the scale of our property management business through multiple channels". Our Directors consider these feasible and effective measures to reduce our reliance on the Controlling Shareholders Group. Given the expected overall growth in our property management business, the revenue contribution from third-party customers is expected to grow notwithstanding the expected increase in engagement from the Controlling Shareholders Group.

During the Track Record Period, our Group was able to secure property management service contracts for projects sourced from third-party developers. In general, we secure our preliminary property management service engagements through a standard bidding process regulated by applicable PRC laws and regulations. Pursuant to the Interim Measures for Bid-Inviting and Bidding Management of Preliminary Property Management* (前期物業管理招標投標管理暫行辦法), a bid evaluation committee shall be established to consider and make decisions on the bids. The committee shall be composed of no less than five members, of which the number of independent property management experts other than representatives from the bid inviter shall not be less than two-thirds of the total number of the committee members to consider and make decisions on the bids. Our Group undergoes the standard tender bidding process in accordance to the PRC laws and regulations for both projects sourced from the Controlling Shareholders Group, and projects sourced from third-party developers. Our tender success rates in connection with projects sourced from third-party developers were above 50.0% in each of 2017, 2018 and 2019 and the four months ended April 30, 2020. Our success rate decreased between 2017 and 2018 primarily because we increased the number of tender bids submitted to third-party developers. For more information, see "Business — Property Management Services — The Tender Bidding Process".

In addition, our high retention rates during the Track Record Period was a result of choices of property owners. In the post-delivery stage of the property development projects, where the property units have been wholly or partially sold, and the property owner associations have been established, the property owner associations can be authorized by the property owners' general meeting to select (or replace) the preliminary property management service provider. Both our Group and the Controlling Shareholders Group do not have any influence over the engagement (or dismissal) of the property management service provider by the property owners. The property owner associations are entitled to conduct their own evaluation procedures in engaging (or dismissing) the property management service provider. For more information, see "Business — Property Management Services — Retention Rates".

Our Group provides green living solutions to property developers, property owners, residents and third-party corporations. As our Group has become more experienced in offering energy operation and green living solutions, we expect that third-party customers will contribute to an increasing proportion of our revenue. Our Group continuously invests in our brand value and recognition to strengthen our ability to secure service engagements of our green living solutions. We will make more ambitious and aggressive efforts toward securing engagements from third-party developers, including participating in more third-party tender bids. By leveraging our strength in green technology and providing green living solutions to third-party developers, we can reach out to and establish business relationships with a larger pool of third-party developers, who may engage us for other types of services. Our Directors consider these feasible and effective measures to reduce our reliance on the Controlling Shareholders Group. Given the expected overall growth in our green living solution business, the revenue contribution from third-party customers is expected to grow notwithstanding the expected increase in engagement from the Controlling Shareholders Group.

Access to customers, suppliers and business partners

Our Group has a continuously increasing and diversifying base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to the suppliers and other business partners as well. For more information on continuing connected transactions between our Group and our connected persons, see "Connected Transactions".

Operational facilities

As of the Latest Practicable Date, save as disclosed in the section entitled "Connected Transactions — Non-Exempt Continuing Connected Transactions — Continuing Connected Transactions subject to the Annual Reporting and Announcement Requirements — Property Leasing from the Modern Investment Group", all the properties and facilities necessary to our business operations are separate from those of our Controlling Shareholders and their respective associates.

We have been leasing certain office premises from the Controlling Shareholders Group. As such premises are for our own use as offices or registered office. It would not be difficult for us to obtain alternative premises from the market, and we do not rely on the Controlling Shareholders Group in respect of our operation.

Employees

As of the Latest Practicable Date, our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programs, job fairs, and recruiting firms.

Connected transactions with our Controlling Shareholders

The section entitled "Connected Transactions" sets out the continuing connected transactions between our Group and our Controlling Shareholders or their associates, which will continue after the completion of the Listing. All such transactions have been or will be determined after arm's-length negotiations and on normal commercial terms. Apart from the transactions set out in "Connected Transactions", our Directors do not expect that there will be any other continuing transactions between our Group and our Controlling Shareholders upon the Listing.

Financial Independence

Our Group has our own internal control, accounting and financial management system, and independent access to third-party financing, and we make financial decisions according to our own business needs. As of the Latest Practicable Date, except for trade balances with our related parties, we did not have any outstanding balance owed to or from our Controlling Shareholders. As of the Latest Practicable Date, our Group had no outstanding bank loans and did not rely on our Controlling Shareholders and their respective close associates for any guarantee or security.

Accordingly, our Directors believe that we have the ability to operate independently from our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

There is clear delineation between the business of the Controlling Shareholders Group and our business. Each of our Controlling Shareholders has confirmed that he/she/it fully comprehends his/her/its obligations to act in our Shareholders' and our best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide 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/her 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 conflict or potentially conflict with any of our interest and absent himself/herself from the board meetings on matters in which such Director or his/her 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 and non-executive Directors (including independent non-executive Directors). We have appointed three 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 — Directors — Independent Non-executive Directors";

(d) as required by the Listing Rules, in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other hand, our Controlling Shareholders and/or our Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through our annual report or by way of announcements; and

(e) we have appointed Soochow Securities International 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.

OVERVIEW

We have entered into a number of agreements or transactions with our connected persons in our ordinary and usual course of business. Upon Listing, the transactions disclosed under this section will constitute continuing connected transactions under the Listing Rules.

Set out below is a brief summary of our continuing connected transactions and the relevant waivers sought:

Transactions	Applicable Listing Rules	Waiver Sought	Proposed annual caps for the year ending December 31, 2020	2021	2022
				RMB'000	
Fully-exempt continuing connected transactions					
1. Procurement of catering and other administrative services from the Modern Investment Group	14A.76(1)	N/A	200	200	200
2. Property leasing to the Modern Investment Group	14A.76(1)	N/A	1,000	1,000	1,000
Non-exempt continuing connected transactions					
Continuing Connected Transactions subject to the Annual Reporting and Announcement Requirements					
Procurement of Energy Operation Services from the First Living Group					
1. Master energy operation services agreement with First Living	14A.76(2), 14A.35	Waiver from the announcement requirement	14,000	22,000	30,000
Procurement of Maintenance Services from the Modern Investment Group					
1. Master maintenance services agreement with Modern Investment	14A.76(2), 14A.35	Waiver from the announcement requirement	10,000	10,000	10,000
Property leasing from the Modern Investment Group					
1. Master lease agreement with Modern Investment	14A.76(2), 14A.35	Waiver from the announcement requirement	5,000	5,000	5,000

Transactions	Applicable Listing Rules	Waiver Sought	Proposed annual caps for the year ending December 31, 2020	2021	2022
				RMB'000	
Provision of software and services to the Modern Investment Group and First Living Group					
1. Master software and services agreement with Modern Investment	14A.76(2), 14A.35	Waiver from the announcement requirement	4,000	4,000	4,000
2. Master software and services agreement with First Living	14A.76(2), 14A.35	Waiver from the announcement requirement	1,000	1,000	1,000

Continuing Connected Transactions subject to the Annual Reporting, Announcement, Circular and Independent Shareholders' Approval Requirements

Provision of Property Management Services to the Modern Land Group, the Modern Investment Group and the Super Land Group

1. Master property management agreement with Modern Land	14A.35, 14A.36 and 14A.46	Waiver from the announcement and independent shareholders' approval requirements	115,000	120,000	125,000
2. Master property management agreement with Modern Investment	14A.35, 14A.36 and 14A.46	Waiver from the announcement, circular and independent shareholders' approval requirements	20,000	23,000	26,000
3. Master property management agreement with Super Land	14A.35, 14A.36 and 14A.46	Waiver from the announcement, circular and independent shareholders' approval requirements	44,000	50,000	54,000

Transactions	Applicable Listing Rules	Waiver Sought	Proposed annual caps for the year ending December 31, 2020	2021	2022
				RMB'000	
Provision of Contracting Services to the Modern Land Group, the Modern Investment Group and the Super Land Group					
1. Master contracting services agreement with Modern Land	14A.35, 14A.36 and 14A.46	Waiver from the announcement, circular and independent shareholders' approval requirements	30,000	31,000	32,000
2. Master contracting services agreement with Modern Investment	14A.35, 14A.36 and 14A.46	Waiver from the announcement, circular and independent shareholders' approval requirements	500	500	500
3. Master contracting services agreement with Super Land	14A.35, 14A.36 and 14A.46	Waiver from the announcement, circular and independent shareholders' approval requirements	5,000	31,000	33,000
Provision of Energy-conservation advisory services to the Modern Land Group and the Super Land Group					
1. Master energy-conservation advisory agreement with Modern Land	14A.35, 14A.36 and 14A.46	Waiver from the announcement, circular and independent shareholders' approval requirements	30,000	31,000	32,000
2. Master energy-conservation advisory agreement with Super Land	14A.35, 14A.36 and 14A.46	Waiver from the announcement, circular and independent shareholders' approval requirements	12,000	14,000	15,000

CONNECTED PERSONS

Pursuant to Chapter 14A of the Listing Rules, our Directors, substantial Shareholders and executives, any person who was our Director within 12 months preceding the Listing Date and any of their respective associates are connected persons of our Company.

The following persons, which have entered into the following transactions with our Group, will, among others, be our connected persons upon Listing:

- Modern Land (China) Co. Limited ("**Modern Land**"), a company incorporated in Cayman Islands with limited liability and listed on the Stock Exchange (stock code: 1107), of which ultimately owned as to 66.11% by Mr. Zhang Lei as of the Latest Practicable Date, and hence an associate of Mr. Zhang Lei and our connected person,

- The subsidiaries of Modern Land (together with Modern Land, the "**Modern Land Group**"),

- Modern Investment Group Co., Ltd. ("**Modern Investment**") of which ultimately and wholly-owned by Mr. Zhang Lei and his daughter, Ms. Zhang Xinyu and hence an associate of Mr. Zhang Lei and our connected person,

- The subsidiaries and 30%-controlled companies (as defined under the Listing Rules) of Modern Investment (together with Modern Investment, the "**Modern Investment Group**"),

- Super Land Holdings Limited ("**Super Land**"), a BVI business company incorporated in the BVI with limited liability and ultimately and wholly-owned by a discretionary family trust, of which Mr. Zhang Lei, his family members and certain other individuals are beneficiaries, and hence an associate of Mr. Zhang Lei and our connected person, and

- The joint ventures and associates (as defined under the IFRS) that Super Land had invested in through the Modern Land Group, together with Super Land, the "**Super Land Group**").

- First Living, our non-wholly owned subsidiary, which is owned as to (i) 72.1% by our Company, (ii) 8.1% by New Momentum (Beijing) Construction Technology Co., Ltd. ("**New Momentum**") and Zhihui Hongye Investment (Beijing) Co., Ltd. ("**Zhihui Hongye**"), and (iii) 3.8% by Mr. Zhang Lei. New Momentum and Zhihui Hongye are ultimately owned by Mr. Zhang Lei, and First Living is therefore a connected subsidiary under to Rule 14A.16(1) of the Listing Rules.

- The subsidiaries of First Living, comprising (i) First MOMA Human Environment Architectural Engineering Co., Ltd. (ii) Anhui MOMA Human Environmental Technology Co., Ltd. and (iii) Beijing MOMA Human Environment Technology Co., Ltd. and/or other subsidiaries from time to time (together with First Living, the "**First Living Group**").

Accordingly, the following transactions, which will continue after the Listing, will constitute continuing connected transactions of our Group under Chapter 14A of the Listing Rules.

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below details of the continuing connected transactions which are all exempt from the annual reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Procurement of Catering and Other Administrative Services from the Modern Investment Group

In the ordinary course of business, our Group procures from time to time catering and other administrative services from members of the Modern Investment Group, which include but are not limited to meal services and the use of conferencing facilities on an ad hoc basis. The transactions are made on normal commercial terms. The historical service fees our Group paid to the Modern Investment Group for the year ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 amounted to nil, nil, nil and RMB0.1 million, respectively. Our Directors expect that the amounts of such procurement will not exceed RMB200,000 for each of the three years ending December 31, 2020, 2021 and 2022.

It is envisaged that from time to time and as required, members of our Group and members of the Modern Investment Group will agree upon the specific terms, fees and scope of individual catering and administrative service engagements. The service fees shall be determined in a fair and reasonable manner and the terms and conditions offered by the Modern Investment Group to our Group shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than those of the same type of catering and other administrative management services offered by an Independent Third Party.

Property Leasing to the Modern Investment Group

In 2019, our Group purchased certain investment properties. For more information, see "Financial Information — Description of Certain Items in Our Combined Statements of Financial Position — Investment Properties". In the ordinary course of business, we leased our investment properties, comprising mainly school premises to the members of the Modern Investment Group. The rental fees are determined in a fair and reasonable manner and based on the prevailing market rentals of similar or comparable premises in neighboring areas based on available property rental market comparable, actual gross floor area of each of the leased properties and their potential appreciation in value. The historical rental payment our Group received from the Modern Investment Group for the year ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 amounted to nil, nil, RMB0.4 million and RMB0.1 million, respectively. Our Directors expect that the amounts of such rental fees will not exceed RMB1.0 million for each of the three years ending December 31, 2020, 2021 and 2022.

It is envisaged that from time to time and as required, members of our Group will enter into individual leasing agreements with members of the Modern Investment Group, which will set out specific terms and conditions such as relevant property, rental fees and rental period. The rental fees will be determined in a fair and reasonable manner and the terms and conditions offered to our Group by the Modern Investment Group shall be on an arm's length basis and on normal commercial terms.

As our Directors currently expect the highest relevant "percentage ratio" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will be less than 5% and the total consideration is less than HK$3,000,000, each on an annual basis. By virtue of Rule 14A.76(1) of the Listing Rules, the procurement of maintenance services and property leasing to the Modern Investment Group as described above are fully exempt from the annual reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Continuing Connected Transactions subject to the Annual Reporting and Announcement Requirements

We set out below details of the continuing connected transactions which are exempt from circular (including independent financial advice) and independent shareholders' approval requirements but subject to the annual reporting and announcement requirements under Rule 14A.76(2) of the Listing Rules.

Procurement of Energy Operation Services from the First Living Group

Master Energy Operation Services Agreement with First Living

(i) Description of transactions

In the ordinary course of business, we entered into a master energy operation service agreement dated September 28, 2020 with First Living (the "**First Living Master Energy Operation Services Agreement**"). We will procure energy operation services from the First Living Group, where it operates energy stations to provide central heating and central cooling. The First Living Master Energy Operation Services Agreement will become effective on the Listing Date and is valid until December 31, 2022. It is envisaged that from time to time and as required, members of our Group will enter into individual energy operation services agreements with members of the First Living Group which will set out specific terms and conditions such as particulars of the services, service fees, payment terms and method, quality standard and service period.

The First Living Master Energy Operation Services Agreement is entered into on normal commercial terms. The service fees will be determined by the parties in a fair and reasonable manner, having regard to the scale of the energy operation services provided by the First Living Group, fair market and local authorities' energy unit prices and energy station operating costs. The terms and conditions offered by the First Living Group to our Group shall not be less favorable than to those of the same type of energy operation services offered by an Independent Third Party.

(ii) Reasons for and benefits of the transactions

First Living Group is part of our Group and the relevant members of the First Living Group possess the necessary qualification and expertise to provide the required energy operation services.

(iii) Historical transaction amounts

The historical service fees paid to the First Living Group in 2017, 2018, 2019 and the four months ended April 30, 2020 amounted to nil, RMB0.2 million, RMB4.5 million and RMB2.2 million, respectively.

(iv) Caps on future transaction amounts

The annual caps for the First Living Master Energy Operation Services Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB14.0 million, RMB22.0 million and RMB30.0 million, respectively.

The substantial increase in annual caps for First Living Master Energy Operation Services Agreement as compared to historical transaction amounts was primarily attributable to our Group's plan to gradually transfer First Property Management's current energy operations to the First Living Group, in light of its expertise in providing green living solutions. The annual caps take into account that we expect to transfer approximately 0.1 million sq.m., 0.2 million sq.m., and 0.2 million sq.m. of GFA under energy operation from First Property Management to the First Living Group at the beginning of each of 2020, 2021 and 2022, respectively, in addition to the approximately 0.2 million sq.m. GFA under energy operation as of December 31, 2019, among which 0.1 million sq.m. was transferred in June 2019 and therefore only had half year revenue impact in 2019.

In considering the annual caps for the First Living Master Energy Operation Services Agreement, our Directors have considered (i) the historical service fees, (ii) the prevailing market rate for similar energy operation services provided at nearby locations, (iii) the estimated service fees based on contracts already entered into and (iv) the level of energy operation services that are expected to be provided via the First Living Group.

Procurement of Maintenance Services from the Modern Investment Group

Master Maintenance Services Agreement with Modern Investment

(i) Description of transactions

In the ordinary course of business, we entered into a master maintenance service agreement dated September 28, 2020 with Modern Investment (the "**Modern Investment Master Maintenance Services Agreement**"). We will procure maintenance services from the Modern Investment Group, which comprise mainly of elevator system and other ad hoc maintenance services. The Modern Investment Master Maintenance Services Agreement will become effective on the Listing Date and is valid until December 31, 2022. It is envisaged that from time to time and as required, members of our Group will enter into individual maintenance services agreements with members of the Modern Investment Group which will set out specific terms and conditions such as particulars of the services, service fees, payment terms and method, quality standard and service period.

The Modern Investment Master Maintenance Services Agreement is entered into on normal commercial terms. The service fees will be determined by the parties in a fair and reasonable manner, with reference to market price for similar services. In particular, (i) elevator system maintenance services will be charged on a lump sum basis. For each engagement, our Group will typically obtain quotations from at least two other third-party service providers to determine if the terms are fair and reasonable and (ii) ad hoc maintenance services will be charged on a lump sum basis, taking into account the nature of service required, costs of labor, materials, utilities and supplies. The terms and conditions offered by the Modern Investment Group to our Group shall not be less favorable than to those of the same type of maintenance services offered by an Independent Third Party.

(ii) Reasons for and benefits of the transactions

Relevant members of the Modern Investment Group possess the necessary qualifications and expertise to provide the required maintenance services to our Group. Such services have been provided to our Group for long term and are of good quality.

(iii) Historical transaction amounts

The historical service fees paid to the Modern Investment Group in 2017, 2018, 2019 and the four months ended April 30, 2020 amounted to RMB2.9 million, RMB5.9 million, RMB4.3 million and RMB1.5 million, respectively.

(iv) Caps on future transaction amounts

The annual caps for the Modern Investment Master Maintenance Services Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB10.0 million, RMB10.0 million and RMB10.0 million, respectively.

The increase in annual caps for the Modern Investment Master Maintenance Services Agreement as compared to historical transaction amounts was attributable to the expected increase in our demand for elevator and other ad hoc maintenance services, primarily as a result of the continuous increase in our GFA under management. The annual caps take into account that we were or expect to be contracted for GFA of over 9.0 million sq.m., which are expected to be deliver from 2020 to 2022, in addition to GFA under management of over 13.0 million sq.m. as of December 31, 2019.

In considering the annual caps for the Modern Investment Master Maintenance Services Agreement, our Directors have considered (i) the historical service fees and (ii) the prevailing market rate for similar maintenance services. In particular, for elevator maintenance services, our Directors have considered the estimated service fees based on contracts already entered into and the estimated number of elevator systems that would require maintenance based on our current and expected properties under management. For general maintenance services, our Directors have also considered the estimated amount of other maintenance services required based on the type, age and GFA of the current and expected properties under our management.

Property Leasing from the Modern Investment Group

Master Lease Agreement with Modern Investment

(i) Description of transactions

In the ordinary course of business, we entered into a master lease agreement dated September 28, 2020 with Modern Investment (the "**Modern Investment Master Lease Agreement**"). The Modern Investment Master Lease Agreement will become effective on the Listing Date and is valid until December 31, 2022. It is envisaged that, from time to time and as required, members of our Group will enter into individual lease agreements with members of the Modern Investment Group, which will set out specific terms and conditions such as relevant property, rental fees and rental period.

The Modern Investment Master Lease Agreement is entered into on normal commercial terms. The rental fees will be determined in a fair and reasonable manner and shall reflect the prevailing market rentals of similar or comparable premises in neighboring areas based on available property rental market comparable, and actual gross floor area of the leased properties and their potential appreciation in value. The terms and conditions offered to our Group by the Modern Investment Group shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than those for similar or comparable premises offered to an Independent Third Party.

(ii) Reasons for and benefits of the transactions

The Modern Investment Group has established good cooperation relationship with our Group and the relevant properties suit our business needs.

(iii) Historical transaction amounts

The historical rental fees paid by our Group to the Modern Investment Group for the year ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 amounted to nil, RMB0.3 million, RMB0.1 million and RMB0.3 million, respectively.

(iv) Caps on future transaction amounts

The annual caps for the Modern Investment Master Lease Agreement for the year ending December 31, 2020, 2021 and 2022 are RMB5.0 million, RMB5.0 million and RMB5.0 million, respectively. The annual caps are significantly higher than the historical transaction amount, mainly because of the lease of two new office premises. The need for these new office premises primarily arose from the expansion of our green living solution business.

In considering the annual caps for the Modern Investment Master Lease Agreement, our Directors have considered (i) the historical rental fees, (ii) the lease agreements we have entered into with the Modern Investment Group, (iii) the expected new lease agreements that are expected to be entered into with the Modern Investment Group and (iv) other factors including the expected growth of rental fee in the PRC property market.

Provision of Software and Services to the Modern Investment Group and the First Living Group

Master Software and Services Agreement with Modern Investment

(i) Description of transactions

In the ordinary course of business, we entered into a master software and services agreement dated September 28, 2020 with Modern Investment (the "**Modern Investment Master Software and Services Agreement**"). Our Group has developed proprietary office management software systems, which encompass various functionalities including document management, email system, human resources management, and finance and accounting management. It is expected that from time to time, members of the Modern Investment Group will purchase the license for the use of various modules of the software system, according to their business needs. Our Group will also provide supporting services to members of the Modern Investment Group at an annual fee. The Modern Investment Master Software and Services Agreement will become effective on the Listing Date and is valid until December 31, 2022. It is envisaged that from time to time and as required, members of our Group will enter into individual software and services agreements with members of the Modern Investment Group which will set out specific terms and conditions.

The Modern Investment Master Software and Services Agreement is entered into on normal commercial terms. The license and supporting service fees will be determined in a fair and reasonable manner. In particular, (i) license fees will be charged on a lump sum basis, with reference to the fair market price of software systems with similar functionalities (ii) supporting service fees will be charged on a lump sum basis, taking into account fair market price of supporting services for systems of similar nature. The terms and conditions offered to our Group by the Modern Investment Group shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than those for similar or comparable systems and services offered by an Independent Third Party.

(ii) Reasons for and benefits of the transactions

As their business grow, members of the Modern Investment Group may need to purchase licenses for the use of more modules to enable more sophisticated functionalities. They also require regular supporting services for the software system.

(iii) Historical transaction amounts

As the office management software system is still under development and in the process of commercialization, no service fees were paid by the Modern Investment Group to our Group during the Track Record Period, and the historical transaction amounts were nil in each of 2017, 2018, 2019 and the four months ended April 30, 2020. It is expected that the development and commercialization will be completed by the end of 2020.

(iv) Caps on future transaction amounts

The annual caps for the Modern Investment Master Software and Services Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB4.0 million, RMB4.0 million and RMB4.0 million, respectively.

In considering the annual caps for the Modern Investment Master Software and Services Agreement, our Directors have considered (i) the demands of our office management software systems from the Modern Investment Group, (ii) the estimated costs of providing the relevant supporting services and (iii) the prevailing market rate for provision of similar software systems and supporting services.

Master Software and Services Agreement with First Living

(i) Description of transactions

In the ordinary course of business, we entered into a master software and services agreement dated September 28, 2020 with First Living (the "**First Living Master Software and Services Agreement**"). It is expected that from time to time, members of the First Living Group will purchase the license for the use of various modules of our office management software system, according to their business needs. Our Group will also provide supporting services to members of the First Living Group at an annual fee. The First Living Master Software and Services Agreement will become effective on the Listing Date and is valid until December 31, 2022. It is envisaged that from time to time and as required, members of our Group will enter into individual software and services agreements with members of the First Living Group which will set out specific terms and conditions.

The First Living Master Software and Services Agreement is entered into on normal commercial terms. The license and supporting service fees will be determined in a fair and reasonable manner. In particular, (i) license fees will be charged on a lump sum basis, with reference to the fair market price of software systems with similar functionalities (ii) supporting service fees will be charged on a lump sum basis, taking into account fair market price of supporting services for systems of similar nature. The terms and conditions offered by the First Living Group shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than those for similar or comparable systems and services offered by an Independent Third Party.

(ii) Reasons for and benefits of the transactions

First Living Group is part of our Group and our Group uses the same software system.

(iii) Historical transaction amounts

As the office management software system is still under development and in the process of commercialization, no service fees were paid by the First Living Group to our Group during the Track Record Period, and the historical transaction amounts were nil in each of 2017, 2018, 2019 and the four months ended April 30, 2020. It is expected that the development and commercialization will be completed by the end of 2020.

(iv) Caps on future transaction amounts

The annual caps for the First Living Master Software and Services Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB1.0 million, RMB1.0 million and RMB1.0 million, respectively.

In considering the annual caps for the First Living Master Software and Services Agreement, our Directors have considered (i) the demands of our office management software systems from the First Living Group, (ii) the estimated costs of providing the relevant supporting services and (iii) the prevailing market rate for provision of similar software systems and supporting services.

Our Directors are of the view that the continuing connected transactions contemplated under the Modern Investment Master Software and Services Agreement and the First Living Software Services Agreement are of same nature and are entered into by our Group with parties who are connected with or associated with Mr. Zhang Lei, and therefore, should be aggregated under Rules 14A.81 and 14A.82(1) of the Listing Rules. The aggregated annual cap amounts are as follows:

	For the year ending December 31,		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Master Software and Services Agreement with Modern Investment	4,000	4,000	4,000
Master Software and Services Agreement with First Living	1,000	1,000	1,000
Total	5,000	5,000	5,000

Listing Rules Requirements

As explained above, members of the First Living Group and the Modern Investment Group are connected persons of our Company under the Listing Rules. Accordingly, the transactions contemplated under the First Living Master Energy Operation Services Agreement, the Modern Investment Master Maintenance Services Agreement, the Modern Investment Master Lease Agreement, the Modern Investment Master Software and Services Agreement and the First Living Master Software and Services Agreement, will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

As it is expected that the highest relevant "percentage ratio" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps in relation to the transactions under the First Living Master Energy Operation Services Agreement, Modern Investment Master Maintenance Services Agreement, the Modern Investment Master Lease Agreement, the Modern Investment Master Software and Services Agreement and the First Living Master Software and Services Agreement, will be more than 0.1%, but less than 5%, the transactions will be exempt from the independent Shareholders' approval requirement but shall be subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Continuing Connected Transactions subject to the Annual Reporting, Announcement, Circular and Independent Shareholders' Approval Requirements

We set out below details of the continuing connected transactions which are subject to the annual reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(A) Provision of Property Management Services to the Modern Land Group, the Modern Investment Group and the Super Land Group

(1) Master Property Management Agreement with Modern Land

(i) Description of transactions

In the ordinary course of business, we entered into a master property management agreement dated December 4, 2019 with Modern Land (the "**Modern Land Master Property Management Agreement**"). We agreed to provide property management services, energy operation services and value-added services, including parking space management services and sales assistance services to the Modern Land Group. The Modern Land Master Property Management Agreement became effective on January 1, 2020 and is valid until December 31, 2022. It is envisaged that from time to time and as required, members of our Group will enter into individual property management services agreements with members of the Modern Land Group which will set out specific terms and conditions such as the type of management services required, service fees and service period.

The Modern Land Master Property Management Agreement is entered into on normal commercial terms. Members of our Group will be engaged by members of the Modern Land Group through standard tender bidding procedures in accordance to the relevant PRC laws and regulations, with fee quotes set out in the tender documents. The management fees will be determined by the parties having regard to fair market prices and historical management fees. In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices, characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs, (ii) fees for energy operation services will be determined by forecasting demand and taking into account expected costs, and local authorities' energy unit prices, (iii) sales assistance services will be priced by taking into account the number of staff members on the ground, the unit price based on staff costs and relevant expenses, and the length of time such services are required, (iv) parking space management services will be quoted at a fixed price per month, which will be determined based on local market conditions and prices for similar services provided at nearby locations and (v) fees for other value-added services will generally be determined based on the costs of providing the relevant services. The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered by the Modern Land Group to our Group shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than those of the same type of property management services offered by an Independent Third Party.

(ii) Reasons for and benefits of the transactions

Property management services, energy operation services and value-added services are among our principal businesses. The transactions contemplated under the Modern Land Master Property Management Agreement will ensure a stable source of revenue during its term.

(iii) Historical transaction amounts

The historical management fees paid by the Modern Land Group to our Group for the year ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 amounted to RMB53.0 million, RMB82.0 million, RMB83.0 million and RMB27.3 million, respectively. The significant increase in management fees from 2017 to 2018 was primarily due to the increase in revenue from sales assistance services as a result of the increase in number of sales and leasing offices we serviced.

(iv) Caps on future transaction amounts

The annual caps for the Modern Land Master Property Management Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB115.0 million, RMB120.0 million and RMB125.0 million, respectively. The annual caps are significantly higher than the historical transaction amounts, mainly due to the expected increase in property management services provided to the Modern Land Group based on its development plan.

The substantial increase in annual caps for Modern Land Master Property Management Agreement as compared to historical transaction amounts was primarily attributable to the expected increase in demand for property management, energy operation and other value-added services from the Modern Land Group, taking into account (i) we were or expect to be contracted by the Modern Land Group for GFA of approximately 7.7 million sq.m., which are expected to be delivered from 2020 to 2022, in addition to GFA under management of approximately 8.7 million sq.m. as at December 31, 2019, (ii) we were or expect to be contracted by the Modern Land Group to provide sales assistance services for over 40 projects, with estimated average contract sum of approximately RMB1.8 million in each of 2020, 2021 and 2022, as compared to 36 projects with average contract sum of approximately RMB1.4 million in 2019, and (iii) we were or expect to be contracted by the Modern Land Group for 8 new energy operation service projects, which are expected to be delivered from 2020 to 2022, in addition to the 25 existing projects as of December 31, 2019.

In determining the above annual caps, our Directors have considered (i) the historical transaction amount for our property management and value-added services during the Track Record Period, (ii) the current GFA we manage for the Modern Land Group, the current monthly management fees and the property management service contracts already entered into, (iii) the expected GFA that we will be engaged by the Modern Land Group to manage, based on the Modern Land Group's development plan, the property management service contracts already entered into, and the expected increase in number of property units and car parking space completed but unsold by Modern Land Group, (iv) the expected demand for pre-delivery, sales assistance services, energy operation services and other value-added services for new development projects of the Modern Land Group and (v) a reasonable buffer for the expected growth in transaction amount.

(2) Master Property Management Agreement with Modern Investment

(i) Description of transactions

In the ordinary course of business, we entered into a master property management agreement dated September 28, 2020 with Modern Investment (the "**Modern Investment Master Property Management Agreement**"). We agreed to provide property management services, energy operation services and value-added services, including communal area leasing services to the Modern Investment Group. The Modern Investment Master Property Management Agreement will become effective on the Listing Date and is valid until December 31, 2022. It is envisaged that from time to time and as required, members of our Group will enter into individual property management services agreements with members of the Modern Investment Group which will set out specific terms and conditions such as the type of management services required, service fees and service period.

The Modern Investment Master Property Management Agreement is entered into on normal commercial terms. Members of our Group will be engaged by members of the Modern Investment Group through standard tender bidding procedures in accordance to the relevant PRC laws and regulations, with fee quotes set out in the tender documents. The management fees will be determined by the parties having regard to the fair market prices, historical management fees and costs of management services. In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices, characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs, (ii) fees for energy operation services will be determined by forecasting demand and taking into account expected costs and local authorities' energy unit prices, (iii) parking space management services will be quoted at a fixed price per month, which are determined based on local market conditions and prices for similar services provided at nearby locations and (iv) fees for other value-added services will generally be determined based on the costs of providing the relevant services. The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered by Modern Investment Group to our Group shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than those of the same type of property management services offered by an Independent Third Party.

(ii) Reasons for and benefits of the transactions

Property management services, energy operation services and value-added services are among our principal businesses. The transactions contemplated under the Modern Investment Master Property Management Agreement will ensure a stable source of revenue during its term.

(iii) Historical transaction amounts

The historical management fees paid by the Modern Investment Group to our Group for the year ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 amounted to RMB6.1 million, RMB8.8 million, RMB16.5 million and RMB3.3 million, respectively. The significant increase in management fees during the Track Record Period reflected the increase in GFA under management.

(iv) Caps on future transaction amounts

The annual caps for the Modern Investment Master Property Management Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB20.0 million, RMB23.0 million and RMB26.0 million, respectively.

In determining the above annual caps, our Directors have considered (i) the historical transaction amount during the Track Record Period, (ii) the current GFA we manage for the Modern Investment Group, current monthly management fee and the property management service contracts already entered into, (iii) the expected GFA of properties that we will be engaged by the Modern Investment Group to manage based on its business plan, and the expected increase in number of property units used by the Modern Investment Group as a result of its business growth and expansion, and (iv) the expected demand for communal area leasing services and other value-added services.

(3) Master Property Management Agreement with Super Land

(i) Description of transactions

In the ordinary course of business, we entered into a master property management agreement dated September 28, 2020 with Super Land (the "**Super Land Master Property Management Agreement**"). We agreed to provide property management services and value-added services, including parking space management services and sales assistance services to the Super Land Group. The Super Land Master Property Management Agreement will become effective on the Listing Date and is valid until December 31, 2022. It is envisaged that from time to time and as required, members of our Group will enter into individual property management services agreements with members of the Super Land Group which will set out specific terms and conditions such as the type of management services required, service fees and service period.

The Super Land Master Property Management Agreement is entered into on normal commercial terms. Members of our Group will be engaged by members of the Super Land Group through standard tender bidding procedures in accordance to the relevant PRC laws and regulations, with fee quotes set out in the tender documents. The management fees will be determined by the parties having regard to fair market prices, historical management fees and costs of management services. In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices, characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs, (ii) sales assistance services will be priced by taking into account the number of staff members on the ground, the unit price based on staff costs and relevant expenses, and the length of time such services are required, (iii) parking space management services will be quoted at a fixed price per month, which are determined based on local market conditions and prices for similar services provided at nearby locations and (iv) fees for other value-added services will generally be determined based on the costs of providing the relevant services. The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered by the Super Land Group to our Group shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than those of the same type of property management services offered by an Independent Third Party.

(ii) Reasons for and benefits of the transactions

Property management services and value-added services are among our principal businesses. The transactions contemplated under the Super Land Master Property Management Agreement will ensure a stable source of revenue during its term.

(iii) Historical transaction amounts

The historical management fees paid by the Super Land Group to our Group for the year ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 amounted to RMB20.1 million, RMB22.9 million, RMB34.4 million and RMB8.6 million, respectively. The significant increase in management fees during the Track Record Period reflected the increase in GFA under management as a result of the Super Land Group's increase in property development projects.

(iv) Caps on future transaction amounts

The annual caps for the Super Land Master Property Management Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB44.0 million, RMB50.0 million and RMB54.0 million, respectively. The annual caps are significantly higher than the historical transaction amounts, mainly due to the projected increase in future transactions based on the Super Land Group's development plan.

The substantial increase in annual caps for Super Land Master Property Management Agreement as compared to historical transaction amounts was primarily attributable to the expected increase in demand for property management and other value-added services from the Super Land Group, taking into account (i) we were or expect to be contracted by the Super Land Group for GFA of approximately 1.6 million sq.m., which are expected to be delivered from 2020 to 2022, in addition to GFA under management of approximately 1.7 million sq.m. as of December 31, 2019, (ii) we were or expect to be contracted by the Super Land Group to provide sales assistance service for over 10 projects in each of 2020, 2021 and 2022, with estimated average contract sum of over RMB2.5 million, as compared to 14 projects with average contract sum at similar level in 2019, and (iii) the rising trend of historical transaction amounts, in particular, it increased by over 50% for the year ended December 31, 2019 from that for the year ended December 31, 2018.

In determining the above annual caps, our Directors have considered (i) the historical transaction amount, (ii) the current GFA we manage for the Super Land Group, current management fee and contracts already entered into, (iii) the expected GFA that we will be engaged by the Super Land Group to manage based on its development plan, contracts already entered into, and the decrease in number of property units and car parking space completed but unsold by the Super Land Group, and (iv) the expected demand for parking space management services and sales assistance services and other value-added services from new development projects of the Super Land Group and (v) a reasonable buffer for the expected growth in transaction amount.

Listing Rules Requirements

As explained above, members of the Modern Land Group, the Modern Investment Group and the Super Land Group are connected persons of our Company under the Listing Rules. Accordingly, the transactions contemplated under (i) the Modern Land Master Property Management Agreement, (ii) the Modern Investment Master Property Management Agreement and (iii) the Super Land Master Property Management Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

Our Directors are of the view that the aforesaid continuing connected transactions are of same nature and are entered into by our Group with parties who are connected with or associated with Mr. Zhang Lei, and therefore, should be aggregated under Rules 14A.81 and 14A.82(1) of the Listing Rules. The aggregated annual cap amounts are as follows:

	For the year ending December 31,		
	2020	**2021**	**2022**
	RMB'000	**RMB'000**	**RMB'000**
Annual Cap			
Master property management agreement with Modern Land	115,000	120,000	125,000
Master property management agreement with Modern Investment	20,000	23,000	26,000
Master property management agreement with Super Land	44,000	50,000	54,000
Aggregate	179,000	193,000	205,000

As it is expected that the highest relevant "percentage ratio" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules in respect of the transactions under (i) the Modern Land Master Property Management Agreement, (ii) the Modern Investment Master Property Management Agreement and (iii) the Super Land Master Property Management Agreement above, in aggregate, will be 5% or more, such continuing connected transactions will, upon Listing, be subject to the annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) Provision of Contracting Services to the Modern Land Group, the Modern Investment Group and the Super Land Group

(1) Master Contracting Services Agreement with Modern Land

(i) Description of transactions

In the ordinary course of business, we entered into a master contracting services agreement dated December 4, 2019 with Modern Land (the "**Modern Land Master Contracting Services Agreement**"). We will provide systems installation services to the Modern Land Group. The Modern Land Master Contracting Services Agreement became effective on January 1, 2020 and is valid until December 31, 2022. It is envisaged that from time to time and as required, members of our Group will enter into individual contracting services agreements with members of the Modern Land Group which will set out specific terms and conditions such as particulars of the services, service fees, payment terms and method, quality standard and service period.

The Modern Land Master Contracting Services Agreement is entered into on normal commercial terms. Members of our Group will be engaged by members of the Modern Land Group through tender bidding procedures, with fee quotes set out in the tender documents. The system installation service fees will be charged on a lump sum basis, having regard to the contracting services and systems required, fair market prices, materials costs, and labor costs. The service fees shall be determined in a fair and reasonable manner and the terms and conditions offered by the Modern Land Group to our Group shall not be less favorable than those for the same type of contracting services and systems offered by an Independent Third Party.

(ii) Reasons for and benefits of the transactions

The transactions contemplated under the Modern Land Master Contracting Services Agreement will ensure a stable source of revenue during its term.

(iii) Historical transaction amounts

The historical service fees paid by the Modern Land Group to our Group in 2017, 2018, 2019 and the four months ended April 30, 2020 amounted to nil, RMB4.6 million, RMB13.2 million and RMB5.3 million, respectively. The fluctuations in transaction amounts during the Track Record Period was mainly because systems installation services were provided are on a project basis.

(iv) Caps on future transaction amounts

The annual caps for the Modern Land Master Contracting Services Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB30.0 million, RMB31.0 million and RMB32.0 million, respectively. The annual caps are significantly higher than historical transaction amounts, as it is expected that there will be rising demands for systems installation services, based on the development plan of the Modern Land Group.

The increase in annual caps for Modern Land Master Contracting Services Agreement as compared to historical transaction amounts was primarily attributable to the expected increase in demand for installation services from the Modern Land Group, taking into account (i) we were contracted or expect to be contracted by the Modern Land Group to provide installation services for over 50 projects from 2020 to 2022 as compared to 14 projects, revenue of which was recognized for the year ended December 31, 2019, (ii) the expected commencement of a passive house project in 2021, which is more complex and therefore with a relatively larger contract sum of approximately RMB20.0 million and (iii) the rising trend in historical transaction amounts, in particular, it increased by over 180% for the year ended December 31, 2019 as compared to that for the year ended December 31, 2018, which is in line with of Modern Lands' strategy to continuously focus on green and health construction, according to its 2019 annual report.

In considering the annual caps for the Modern Land Master Contracting Services Agreement, our Directors have considered (i) the historical service fees, (ii) contracts that have already been entered into, (iii) the estimated demand based on the expected number, scale and type of properties to be developed by the Modern Land Group which would require our systems installation services and (iv) other factors including the estimated installation fees for the systems and the estimated costs of materials and labor.

(2) Master Contracting Services Agreement with Modern Investment

(i) Description of transactions

In the ordinary course of business, we entered into a master contracting services agreement dated September 28, 2020 with Modern Investment (the "**Modern Investment Master Contracting Services Agreement**"). We will provide systems installation services to the Modern Investment Group. The master contracting services agreement will become effective on the Listing Date and is valid until December 31, 2022. It is envisaged that from time to time and as required, members of our Group will enter into individual contracting services agreements with members of the Modern Investment Group which will set out specific terms and conditions such as particulars of the services, service fees, payment terms and method, quality standard and service period.

The Modern Investment Master Contracting Services Agreement is entered into on normal commercial terms. The system installation service fees will be charged on a lump sum basis, and will be determined by the parties in a fair and reasonable manner, having regard to the type of the services and systems required, fair market prices, materials costs, and labor costs. The terms and conditions offered by the Modern Investment Group to our Group shall not be less favorable than those for the same type of contracting services and systems offered by an Independent Third Party.

(ii) Reasons for and benefits of the transactions

The transactions contemplated under the Modern Investment Master Contracting Services Agreement will ensure a stable source of revenue during its term.

(iii) Historical transaction amounts

The historical service fees paid by the Modern Investment Group in 2017, 2018, 2019 and the four months ended April 30, 2020 amounted to RMB3.4 million, RMB0.8 million, nil and nil, respectively. Contracting services are provided on an ad hoc basis. The relatively large amount of service fees for the year ended December 31, 2017 was mainly attributable to an one-off AIRDINO system installation project.

(iv) Caps on future transaction amounts

The annual caps for the Modern Investment Master Contracting Services Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB0.5 million, RMB0.5 million and RMB0.5 million, respectively.

In considering the annual caps for the Modern Investment Master Contracting Services Agreement, our Directors have considered (i) the historical service fees, (ii) the expected demand based on the estimated scale and type of the properties to be serviced and (iii) other factors including the estimated installation fees for the systems and the estimated costs of materials and labor.

(3) Master Contracting Services Agreement with Super Land

(i) Description of transactions

In the ordinary course of business, we entered into a master contracting services agreement dated September 28, 2020 with Super Land (the "**Super Land Master Contracting Services Agreement**"). We will provide systems installation services to the Super Land Group. The Super Land Master Contracting Services Agreement will become effective on the Listing Date and is valid until December 31, 2022. It is envisaged that from time to time and as required, members of our Group will enter into individual contracting services agreements with members of the Super Land Group which will set out specific terms and conditions such as particulars of the services, service fees, payment terms and method, quality standard and service period.

The Super Land Master Contracting Services Agreement is entered into on normal commercial terms. Members of our Group will be engaged by members of the Super Land Group through tender bidding procedures, with fee quotes set out in the tender documents. The system installation service fees will be charged on a lump sum basis, having regard to the systems installation services required, fair market prices, materials costs, and labor costs. The service fees shall be determined in a fair and reasonable manner and the terms and conditions offered by the Super Land Group to our Group shall not be less favorable than those for the same type of contracting services and systems offered by an Independent Third Party.

(ii) Reasons for and benefits of the transactions

The transactions contemplated under the Super Land Master Contracting Services Agreement will ensure a stable source of revenue during its term.

(iii) Historical transaction amounts

The historical recognized service fees paid by the Super Land Group to our Group in 2017, 2018, 2019 and the four months ended April 30, 2020 amounted to RMB0.6 million, RMB3.4 million, RMB4.3 million and RMB0.2 million, respectively.

(iv) Caps on future transaction amounts

The annual caps for the Super Land Master Contracting Services Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB5.0 million, RMB31.0 million and RMB33.0 million, respectively. The annual caps for 2021 and 2022 are significantly higher, mainly due to two major projects of the Super Land Group that would require systems installation services.

The substantial increase in annual caps for Super Land Master Contracting Services Agreement for the year ending December 31, 2021 and 2022 was primarily attributable to the expected increase in demand for installation services from the Super Land Group, taking into account (i) we were contracted or are expected to be contracted by the Super Land Group to provide installation services for over ten projects, which are expected to commence during the period from 2021 to 2022, as compared to two projects in 2020 and six projects in 2019, (ii) the expected commencement of a project in 2021 with intelligent building systems, which is more complex and therefore with a relatively larger contract sum of approximately RMB13.0 million, and (iii) expected commencement of four projects in 2021, with estimated contract sums that range from approximately RMB5 million to RMB8 million, which is considerably larger than the historical contract sums as a result of the comparatively greater GFA per project.

In considering the annual caps for the Super Land Master Contracting Services Agreement, our Directors have considered (i) the historical service fees, (ii) contracts already entered into, (iii) demand for services based on the estimated scale and number of the properties to be completed by the Super Land Group which would require our systems installation services and (iv) other factors including the estimated installation fees for the systems and the estimated costs of materials and labor.

Listing Rules Requirements

As explained above, members of the Modern Land Group, the Modern Investment Group and the Super Land Group are connected persons of our Company under the Listing Rules. Accordingly, (i) the Modern Land Master Contracting Services Agreement, (ii) the Modern Investment Master Contracting Services Agreement and (iii) the Super Land Master Contracting Services Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

Our Directors are of the view that the aforesaid continuing connected transactions are of same nature and are entered into by our Group with parties who are connected with or associated with Mr. Zhang Lei, and therefore, should be aggregated under Rules 14A.81 and 14A.82(1) of the Listing Rules. The aggregated annual cap amounts are as follows:

	For the year ending December 31,		
	2020	**2021**	**2022**
	RMB'000	**RMB'000**	**RMB'000**
Annual Cap			
Master contracting services agreement with Modern Land	30,000	31,000	32,000
Master contracting services agreement with Modern Investment	500	500	500
Master contracting services agreement with Super Land	5,000	31,000	33,000
Aggregate	35,500	62,500	65,500

As the highest relevant "percentage ratio" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps of transactions contemplated under the (i) the Modern Land Contracting Services Agreement, (ii) the Modern Investment Master Contracting Services Agreement and (iii) the Super Land Master Contracting Services Agreement above, in aggregate will be more than 5%, it will be subject to reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(C) Provision of Energy-conservation Advisory Services to the Modern Land Group and the Super Land Group

(1) Master Energy-conservation Advisory Agreement with Modern Land

(i) Description of transactions

In the ordinary course of business, we entered into a master energy-conservation advisory agreement dated December 4, 2019 with Modern Land (the "**Modern Land Master Energy-conservation Advisory Agreement**"). The master energy-conservation advisory agreement became effective on January 1, 2020 and is valid until December 31, 2022. Our Group will supply AIRDINO systems, and provide green technology consulting services to the Modern Land Group. It is envisaged that from time to time and as required, members of our Group will enter into individual agreements with members of the Modern Land Group which will set out specific terms and conditions such as particulars of the services, service fees, payment terms and method, quality standard and service period.

The Modern Land Master Energy-conservation Advisory Agreement is entered into on normal commercial terms. The service fees shall be determined in a fair and reasonable manner, with reference to the fair market price. In particular, (i) fees for green technology consulting services will be based on GFA of the relevant property facilities and unit prices for the type green technology consulting services and (ii) contract price of AIRDINO systems will be based on the number of units being purchased multiplied by their unit price, which are determined based on the production and material costs. The terms and conditions offered to our Group by the Modern Land Group shall not be less favorable than those of the same type of energy-conservation advisory services offered to an Independent Third Party.

(ii) Reasons for and benefits of the transactions

The transactions contemplated under the Modern Land Master Energy-conservation Advisory Agreement will ensure a stable source of revenue during the term of the agreement.

(iii) Historical transaction amounts

The historical service fees paid by the Modern Land Group to our Group for the year ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 amounted to RMB3.8 million, RMB7.9 million, RMB16.5 million and RMB4.9 million, respectively. The fluctuation in service fees during the Track Record Period was mainly because AIRDINO systems and green technology consulting services are provided on a project basis and the increase in the number of project engagement.

(iv) Caps on future transaction amounts

The annual caps for the Modern Land Master Energy-conservation Advisory Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB30.0 million, RMB31.0 million and RMB32.0 million, respectively. The annual caps are significantly higher than the historical transaction amounts, mainly due to the projected increase in transaction as a result of the Modern Land Group's development plan.

The substantial increase in annual caps for Modern Land Master Energy-conservation Advisory Agreement as compared to historical transaction amounts was primarily attributable to the expected increase in demand for AIRDINO systems and green technology consulting services from the Modern Land Group, taking into account (i) over 50 contracted and expected consulting services projects from 2020 to 2022, as compared to 34 projects, revenue of which was recognized from 2017 to 2019, (ii) five contracted and expected property projects from 2020 to 2022 that would require AIRDINO systems, including one that requires AIRDINO No. 2 and has an expected contract sum of RMB20.0 million, as compared to three projects, revenue of which was recognized for the year ended December 31, 2019, and (iii) the rising trend of historical transaction amounts, with a year-on-year growth of over 100% during the Track Record Period, which is in line with Modern Land's strategy to leverage green and healthy products as its core competency, based on its 2019 annual report.

In considering the annual caps for the Modern Land Master Energy-conservation Advisory Agreement, our Directors have considered (i) the historical service fees during the Track Record Period, (ii) the contracts already entered into with the Modern Land Group, (iii) the expected demand for AIRDINO systems and green technology consulting services from Modern Land Group based on its development plan and the type and size of the properties to be developed, and (iv) other factors including the strategic prices corresponding to the prevailing market rate for provision of similar advisory services and estimated equipment costs.

(2) Master Energy-conservation Advisory Agreement with Super Land

(i) Description of transactions

In the ordinary course of business, we entered into a master energy-conservation advisory agreement dated September 28, 2020 with Super Land ("**Super Land Master Energy-conservation Advisory Agreement**"). The Super Land Master Energy-conservation Advisory Agreement will become effective on the Listing Date and is valid until December 31, 2022. Our Group will supply AIRDINO systems, and provide green technology consulting services to the Super Land Group. It is envisaged that from time to time and as required, members of our Group will enter into individual agreements with members of the Super Land Group which will set out specific terms and conditions such as particulars of the services, service fees, payment terms and method, quality standard and service period.

The Super Land Master Energy-conservation Advisory Agreement is entered into on normal commercial terms. The service fees will be determined by the parties in a fair and reasonable manner, with reference to the fair market price. In particular, (i) fees for green technology consulting services will be based on GFA of the relevant property facilities and unit prices for the type green technology consulting services and (ii) contract price of AIRDINO systems will be based on the number of units being purchased multiplied by their unit price, which are determined based on the production and material costs. The terms and conditions offered to our Group by the Super Land Group shall not be less favorable than those of the same type of energy-conservation advisory services offered by an Independent Third Party.

(ii) Reasons for and benefits of the transactions

The transactions contemplated under the Super Land Master Energy-conservation Advisory Agreement will ensure a stable source of revenue during the term of the agreement.

(iii) Historical transaction amounts

The historical service fees paid by the Super Land Group to our Group for the year ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 amounted to RMB10.6 million, RMB7.6 million, RMB6.0 million and RMB1.3 million, respectively.

(iv) Caps on future transaction amounts

The annual caps for the Super Land Master Energy-conservation Advisory Agreement for the year ending December 31, 2020, 2021 and 2022 amount to RMB12.0 million, RMB14.0 million and RMB15.0 million, respectively.

The increase in annual caps for Super Land Master Energy-conservation Advisory Agreement as compared to historical transaction amounts was primarily attributable to the expected demand for AIRDINO systems and green technology consulting services from the Super Land Group, taking into account (i) ten contracted property projects that would require green consulting services from 2020 to 2022, (ii) three expected property projects that would require AIRDINO systems from 2020 to 2022, as compared to nil in 2019, (iii) the expected increase in demand for AIRDINO No. 2, the unit price of which is over 15 times higher than that of AIRDINO No. 1.

In considering the annual caps for the Super Land Master Energy-conservation Advisory Agreement, our Directors have considered (i) the historical service fees during the Track Record Period, (ii) the existing contracts already entered into with the Super Land Group, (iii) the expected demand for AIRDINO systems and green technology consulting services from the Super Land Group based on its development plan and the type and size of the properties to be developed, and (iv) other factors including the strategic prices corresponding to the prevailing market rate for provision of similar advisory services and estimated equipment costs.

Listing Rules Requirements

As explained above, members of the Modern Land Group and the Super Land Group are connected persons of our Company under the Listing Rules. Accordingly, (i) the Modern Land Master Energy-conservation advisory Agreement and (ii) the Super Land Master Energy-conservation Advisory Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

Our Directors are of the view that the aforesaid continuing connected transactions are of same nature and are entered into by our Group with parties who are with or associated with Mr. Zhang Lei, and therefore, should be aggregated under Rules 14A.81 and 14A.82(1) of the Listing Rules. The aggregated annual cap amounts are as follows:

	For the year ending December 31,		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Annual Cap			
Master energy-conservation advisory agreement with Modern Land	30,000	31,000	32,000
Master energy-conservation advisory agreement with Super Land	12,000	14,000	15,000
Aggregate	42,000	45,000	47,000

As the highest relevant "percentage ratio" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps of transactions contemplated under the (i) the Modern Land Master Energy-conservation Advisory Agreement and (ii) the Super Land Master Energy-conservation Advisory Agreement above, in aggregate will be more than 5%, the transactions will be subject to reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

In respect of the transactions described in "— Non-exempt Continuing Connected Transactions — Continuing Connected Transactions subject to the Annual Reporting and Announcement Requirements" above, as (i) the highest relevant "percentage ratio" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules is expected to be more than 0.1% but less than 5% and (ii) the total consideration on an annual basis is expected to be more than HK$3,000,000, such transactions are exempt from the circular and independent Shareholders' approval requirements but subject to the annual reporting and announcement requirements as set out in Rules 14A.49 and 14A.35 of the Listing Rules and the annual review requirements as set out in Rules 14A.55 to 14A.59 and 14A.71(6) of the Listing Rules.

In respect of the transactions described in "— Non-exempt Continuing Connected Transactions — Continuing Connected Transactions subject to the Annual Reporting, Announcement, Circular and Independent Shareholders' Approval Requirements" above, as at least one of the relevant "percentage ratios" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules is, on an annual basis, expected to be more than 5%, such transactions are subject to the annual reporting and announcement requirements as set out in Rules 14A.49 and 14A.35 of the Listing Rules, the annual review requirements as set out in Rules 14A.55 to 14A.59 and 14A.71(6) of the Listing Rules and the circular and independent Shareholders' approval and related requirements as set out in Rules 14A.36, 14A.46 and 14A.53(3) of the Listing Rules.

As described above, we expect these non-exempt continuing connected transactions to be carried out on a continuing basis and to extend over a period of time. Our Directors therefore consider that strict compliance with the announcement, circular and independent Shareholders' approval requirements (where applicable) under the Listing Rules would be impractical and unduly burdensome and would impose unnecessary administrative costs upon us. Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, (i) a waiver from strict compliance with the announcement requirement relating to continuing connected transaction under Rule 14A.35 of the Listing Rules in respect of the transactions described in "— Non-exempt Continuing Connected Transactions — Continuing Connected Transactions subject to the Annual Reporting and Announcement Requirements", and (ii) a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements relating to the continuing connected transactions under Rules 14A.35, 14A.36, 14A.46 and 14A.53(3) of the

Listing Rules in respect of the transactions described in "— Non-exempt Continuing Connected Transactions — Continuing Connected Transactions subject to the Annual Reporting, Announcement, Circular and Independent Shareholders' Approval Requirements", 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).

We will comply at all times with the applicable requirements under the Listing Rules. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of this prospectus on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements.

DIRECTORS' VIEW

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described above have been and shall be entered into in the ordinary and usual course of business of our Company, are on normal commercial terms or better to our Group, 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 proposed annual caps for the non-exempt continuing connected transactions described above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

The conflicted Directors shall be required to abstain from participation and abstain from voting in the Board meetings at which resolutions in relation to the above continuing connected transactions are discussed.

THE SOLE SPONSOR'S VIEW

The Sole Sponsor is of the view that the continuing connected transactions described in "— Non-exempt Continuing Connected Transactions" above, have been and shall be entered into in the ordinary and usual course of business of our Company, are on normal commercial terms, or better to our Group, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

Directors

The following table sets forth certain information regarding our Directors.

Name	Age	Present position(s) in our Group	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors or senior management members
Mr. Zhang Peng (張鵬)	45	Chairman of our Board and non-executive Director	July 18, 2007	January 20, 2020	Formulating and leading the overall development strategies and business plans of our Group	None
Mr. Long Han (龍晗)	32	Non-executive Director	August 2, 2010	January 20, 2020	Formulating and leading the overall development strategies and business plans of our Group	None
Mr. Liu Peiqing (劉培慶)	37	Executive Director, co-chief executive officer and general manager	June 1, 2010	January 20, 2020	Formulating and implementing the strategic business goals of our Group and overseeing the daily management and overall operation of the property management business of our Group	None
Mr. Jia Yan (賈岩)	46	Executive Director and co-chief executive officer	December 3, 2014	January 20, 2020	Planning and executing major decisions of our Group and overseeing the management and daily operation of the green living solutions business of our Group	None
Mr. Jin Chungang (金純剛)	42	Executive Director and deputy general manager	February 17, 2009	January 20, 2020	Assisting the general manager in implementing the strategic business goals of our Group and regional market expansion, and supervising the overall regional operation	None
Ms. Zhu Li (朱莉)	42	Executive Director and chief financial officer	March 26, 2008	January 20, 2020	Overseeing the financial operations and tax planning of our Group	None

Name	Age	Present position(s) in our Group	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors or senior management members
Ms. Sun Jing (孫靜)	42	Independent non-executive Director	July 21, 2020	July 21, 2020	Providing independent advice and judgment to our Board	None
Ms. Zhu Caiqing (朱彩清)	51	Independent non-executive Director	July 21, 2020	July 21, 2020	Providing independent advice and judgment to our Board	None
Mr. Cheng Peng (程鵬)	46	Independent non-executive Director	July 21, 2020	July 21, 2020	Providing independent advice and judgment to our Board	None

Senior Management

Our senior management team, in addition to our Directors listed above, comprises the following:

Name	Age	Present position(s) in our Group	Date of joining our Group	Date of appointment of the current role	Roles and responsibilities	Relationship with other Directors or senior management members
Mr. Pan Fengwei (潘鳳偉)	38	Deputy general manager	December 3, 2014	January 20, 2020	Managing the business line of green living solutions of our Group	None
Mr. Li Qingchang (李慶昌)	42	Deputy general manager	July 6, 2009	January 20, 2020	Managing merger and acquisition transactions of the property management business of our Group including carrying out negotiation, conducting valuation and designing transaction structure	None
Ms. Niu Jiao (牛嬌)	40	Secretary of our Board	March 27, 2015	January 20, 2020	Overseeing the financing and securities affairs, investor relations, market value management and listing compliance management of our Group	None

DIRECTORS

Our Board currently consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. The functions and duties of our Board include convening general meetings, implementing the resolutions passed at general meetings, determining business and investment plans, formulating our annual financial budget and financial accounts, and formulating our proposals for profit distributions as well as exercising other powers, functions and duties as conferred by the Articles of Association. We have entered into a service agreement with each of our executive Directors on September 28, 2020. We have also entered into a letter of appointment with each of our non-executive Directors and independent non-executive Directors on September 28, 2020. For the residential address of each Director, see "Directors and Parties Involved in the Global Offering".

Executive Directors

Mr. Liu Peiqing (劉培慶), aged 37, is our executive Director, co-chief executive officer and general manager. He was appointed as our Director, co-chief executive officer and general manager on January 20, 2020 and redesignated as our executive Director on May 19, 2020. Mr. Liu is primarily responsible for formulating and implementing the strategic business goals of our Group and overseeing the daily management and overall operation of the property management business of our Group.

Mr. Liu has more than 14 years of experience in the property management industry. Prior to joining our Group, from October 2005 to June 2010, Mr. Liu served as a project manager of GSN (Shanghai) Property Services Co., Ltd. (皆斯內(上海)物業管理服務有限公司), a company primarily engaged in providing property management services in China. During that time, Mr. Liu was mainly responsible for the daily management and operation of property management projects. Mr. Liu joined First Property Management on June 1, 2010 and served as a project manager and deputy general manager until January 7, 2015, where he was responsible for property project management. From January 8, 2015, Mr. Liu has served as the general manager of First Property Management, where he is responsible for the daily operation and management of First Property Management. Mr. Liu has also served as the executive director of First Property Management since December 19, 2015, where he is responsible for formulating and implementing the strategic business goals of First Property Management and overseeing the daily management and overall operation of First Property Management. From July 16, 2015 to April 30, 2020, Mr. Liu served as an executive director of First Assets, where he was responsible for formulating and implementing the strategic business goals and the daily operation and management of First Assets. Mr. Liu also holds directorships and other positions in a number of other subsidiaries of our Company.

Mr. Liu completed a vocational course in guesthouse services at Weifang No. 1 Vocational Secondary Professional School (濰坊第一職業中等專業學校) in June 1999 in the PRC. Mr. Liu is currently the executive chairman of the Beijing Real Estate Agents Alliance Property Management Committee (北京市房地產經理人聯盟物業管理委員會) and the deputy chairman of the China Real Estate Agents Alliance Property Management Committee (中經聯盟物業管理專委會). He has also been an executive council member of the China Real Estate Agents Alliance (中經聯盟) since December 2018, and a council member of the China Property Management Institute (中國物業管理協會) since June 2019. Mr. Liu has been serving as a visiting professor in the College of Biochemical Engineering of Beijing Union University (北京聯合大學生物化學工程學院) since March 2016 for a term of five years.

Mr. Jia Yan (賈岩), aged 46, is our executive Director and co-chief executive officer. He was appointed as our Director and co-chief executive officer on January 20, 2020 and redesignated as our executive Director on May 19, 2020. Mr. Jia is primarily responsible for planning and executing major decisions of our Group and overseeing the management and daily operation of the green living solutions business of our Group.

Mr. Jia has had more than 23 years of experience in engineering, construction, energy and real estate industries. The following table shows the relevant experience of Mr. Jia:

Time	Name of employer	Position(s)	Principal business activities of employer	Roles and responsibilities
July 1997 – August 2001	Tianjin Light Industry Design Institute (天津市輕工業設計院)	Assistant engineer	Engineering consulting, management and design	Heating and ventilation engineering design
August 2001 – May 2005	Beijing Zhubang Architecture Design Engineering Co., Ltd. (北京築邦建築裝飾工程有限公司)	Engineer	Engineering construction, management and design	Engineering design
December 2005 – November 2008	Financial Street Holdings Co., Ltd. (金融街控股股份有限公司)	Designer	Construction and development for large commercial office premises	Engineering design
March 2010 – July 2013	Modern Energy Saving Real Estate Co., Ltd. (當代節能置業股份有限公司)	Department manager	Property development	Green construction technology management and mechanical and electrical engineering design management
July 2013 – March 2014	Goldway Construction Group Co., Ltd (金威建設集團有限公司)	Deputy chief engineer	Property development and management	Innovative technology research and development
March 2014 – December 2014	New Momentum (Beijing) Construction Technology Co., Ltd (新動力(北京)建築科技有限公司)	General manager	Technology promotion services and professional contracting	Technology innovation and electromechanical system management

Mr. Jia served as deputy manager of First Living from December 3, 2014 to May 24, 2017, where he was responsible for managing the operation of First Living. He has served as the general manager and director of First Living since May 25, 2017, where he has been responsible for planning and executing major decisions and overseeing the management and daily operation of First Living. He has subsequently been appointed as the legal representative of First Living since July 22, 2019. Mr. Jia also holds directorships and other positions in a number of other subsidiaries of our Company.

Mr. Jia obtained his undergraduate degree in heating, ventilation and air conditioning engineering from the University of Tianjin (天津大學) in June 1997 in the PRC. Mr. Jia obtained the qualification level of senior engineer (高級工程師) specializing in heating, ventilation and air conditioning from the Evaluation Committee of Senior Professional and Technical Positions of the MOHURD (建設部高級專業技術職務評審委員會) on October 29, 2007. Mr. Jia was the vice chairman of the China Construction Energy Saving Association Passive Ultra-low Energy Consumption Green Building Innovation Alliance (中國建築節能協會被動式超低能耗綠色建築創新聯盟) until December 31, 2017. On September 1, 2017, he was appointed as a member of the Technology Committee of China Industry Technology Innovation Strategic Alliance for Healthy Building (健康建築產業技術創新戰略聯盟技術委員會), and on April 3, 2019, Mr. Jia was elected as a council member of the China Architecture Society Active Construction Academic Committee (中國建築學會主動式建築學術委員會). He was also elected on May 20, 2019 as deputy secretary of the Settlement Committee of China Real Estate Association (中國房地產業協會人居環境委員會).

Mr. Jin Chungang (金純剛), aged 42, is our executive Director and deputy general manager. He was appointed as our Director and deputy general manager on January 20, 2020 and redesignated as our executive Director on May 19, 2020, where he is responsible for assisting the general manager in implementing the strategic business goals of our Group and regional market expansion, and supervising the overall regional operation.

Mr. Jin has had more than 14 years of experience in the property management business. Prior to joining our Group, from September 2006 to February 2009, Mr. Jin served as a manager of the order maintenance department of Beijing Luneng Property Service Co., Ltd. (北京魯能物業服務有限責任公司), a company primarily engaged in property management services. During that time, Mr. Jin was responsible for maintaining the operation and discipline of the company. From February 17, 2009 to January 7, 2015, Mr. Jin served as the project manager of First Property Management, where he was responsible for operating and managing property management projects and business development of First Property Management. From January 8, 2015, Mr. Jin has served as the deputy general manager of First Property Management, where he is responsible for assisting the general manager in the daily management of First Property Management. From August 7, 2016, Mr. Jin has also served as an executive director of First Property Management, where he is responsible for formulating and executing the strategic business goals of First Property Management. Mr. Jin also holds directorships and other positions in a number of other subsidiaries of our Company.

Mr. Jin graduated from Party School of Liaoning provincial Party committee (中共遼寧省委黨校) majoring in economic management through distance learning by way of correspondence education in December 2004 in the PRC.

Ms. Zhu Li (朱莉), aged 42, is our executive Director and chief financial officer. She was appointed as our Director and chief financial officer on January 20, 2020 and redesignated as our executive Director on May 19, 2020, where she is responsible for overseeing the financial operations and tax planning of our Group.

Ms. Zhu has had more than 12 years of experience of handling financial matters for companies. She joined First Property Management on March 26, 2008 and served as a financial manager until August 20, 2019, where she was responsible for managing the financial operations and preparing and executing the financial budget plans of First Property Management. From August 21, 2019 to December 24, 2019, Ms. Zhu served as an executive director and a general manager of finance of First Assets, where she was primarily responsible for strategic planning and financial management of First Assets. From December 25, 2019 to April 30, 2020, Ms. Zhu served as a non-executive director of First Assets, where she was responsible for the strategic planning of First Assets. From December 25, 2019, she has served as the chief financial officer and executive director of First Property Management, where she is responsible for the overall financial management and strategic planning of First Property Management.

From October 8, 2019 to December 18, 2019, Ms. Zhu served as a non-executive director of First MOMA Sports Culture Development (Beijing) Co., Ltd (第一摩碼體育文化發展(北京)股份有限公司) (stock code: 872128), a company primarily engaged in preschool education services and fitness services, and Bigger Eco Technology (Xi'an) Co., Ltd (倍格創業生態科技(西安)股份有限公司) (stock code: 873162) from October 10, 2019 to April 23, 2020, a company primarily engaged in providing integrated solutions for office space for small and medium-sized enterprises, both of which are listed on the NEEQ, and where she was responsible for providing advice for the companies' strategy formulation.

Ms. Zhu graduated from Qinghai University (青海大學) via self-taught higher education examinations majoring in accounting in December 2005 in the PRC. She obtained Intermediate Qualification Level in Accounting (會計中級資格) from Beijing Human Resources and Social Security Bureau (北京市人力資源和社會保障局) on October 27, 2013 in the PRC. She is now a part-time graduate student at University of International Business and Economics (對外經濟貿易大學) for certified management accountant qualification.

Non-Executive Directors

Mr. Zhang Peng (張鵬), aged 45, is our non-executive Director and the chairman of our Board. He was appointed as our Director and the chairman of our Board on January 20, 2020 and redesignated as our non-executive Director on May 19, 2020. Mr. Zhang Peng is primarily responsible for formulating and leading the overall development strategies and business plans of our Group. Mr. Zhang Peng along with Mr. Zhang Lei are our Controlling Shareholders and the founders of our Group.

Mr. Zhang Peng has had more than 18 years of experience in the real estate and property development industry. Prior to joining our Group, Mr. Zhang Peng served as the director of human resources, vice president and chief operating officer of Modern Land (China) Co., Limited (當代置業(中國)有限公司) (stock code: 1107), a company principally engaged in commercial and residential real estate property business and listed on the Stock Exchange, from November 2001 to January 26, 2014. From January 27, 2014, Mr. Zhang Peng serves as the executive director and president of Modern Land (China) Co., Limited (當代置業(中國)有限公司), where he is responsible for the overall management and operation of the company. From July 18, 2007 to December 18, 2015, Mr. Zhang Peng served as an executive director of First Property Management, where he was responsible for the overall management and operation of First Property Management, and has been the chairman of the board and non-executive director since December 19, 2015, where he is responsible for the significant decision-making of First Property Management. Mr. Zhang Peng has been the chairman of the board and non-executive director of First Living since March 31, 2017, where he is responsible for the company's strategic planning. Mr. Zhang Peng has also served as the executive director and manager of First Assets since August 2009, where he is responsible for strategic decision-making and overall operation management of First Assets.

Mr. Zhang Peng is the chairman of the board and non-executive director of First MOMA Sports Culture Development (Beijing) Co., Ltd (第一摩碼體育文化發展(北京)股份有限公司) (stock code: 872128) since December 19, 2016, a company primarily engaged in preschool education services and fitness services, and Bigger Eco Technology (Xi'an) Co., Ltd (倍格創業生態科技(西安)股份有限公司) (stock code: 873162) since December 28, 2017, a company primarily engaged in providing integrated solutions for office space for small and medium-sized enterprises, both of which are listed on the NEEQ, and where he is responsible for the strategic planning of the companies.

Mr. Zhang Peng obtained his bachelor's degree in law from Northwest Second Nationalities College (西北第二民族學院) (now known as North Minzu University (北方民族大學)) in July 1997 in the PRC. Mr. Zhang currently serves as the representative of the 16th People's Congress of Dongcheng District, Beijing (北京市東城區第十六屆人大代表), the honorary vice chairman of the eighth council of the China Real Estate Association (中國房地產業協會第八屆理事會), the chairman of the Settlement Committee of China Real Estate Association (中國房地產業協會人居環境委員會), the vice chairman of the China Real Estate Chamber of Commerce (全聯房地產商會), the vice chairman of the National Real Estate Agents Alliance (全經聯), the chairman of the Full Decoration Council of China Real Estate Chamber of Commerce (全聯房地產商會全裝修產業分會) and a rotating chairman of the City Renewal and Existing Building Remodeling Branch of China Real Estate Chamber of Commerce (全聯房地產商會城市更新和既有建築改造分會). Mr. Zhang Peng also served as the 12th rotating chairman of China Real Estate Agents Alliance (中經聯盟) from December 2018 to December 2019.

Mr. Long Han (龍晗), aged 32, was appointed as our Director on January 20, 2020 and redesignated as our non-executive Director on May 19, 2020. Mr. Long is primarily responsible for formulating and leading the overall development strategies and business plans of our Group.

Mr. Long has more than ten years of experience in the property management industry. Mr. Long served as the director of information operations center and deputy general manager of First Property Management from August 2, 2010 to September 30, 2015, where he was responsible for building and implementing the information operations system and the daily management of First Property Management. Mr. Long has served as a deputy general manager of Beijing Lvjian Power Commerce Operations and Management Co., Ltd. (北京綠建動力商業運營管理有限公司) since October 1, 2015, a company principally engaged in professional contracting, enterprise management and equipment maintenance, where he is responsible for the daily operation and management and implementing management decisions of the company. Mr. Long has been appointed as the non-executive director of First Property Management since December 19, 2015, where he is responsible for guiding major strategies of First Property Management. Mr. Long has been appointed as an executive director of First Assets since July 16, 2015, where he is responsible for formulating and implementing the strategic business objectives of First Assets and the daily operation and management of First Assets. Mr. Long also holds directorships and other positions in a number of other subsidiaries of our Company.

Mr. Long is a non-executive director of First MOMA Sports Culture Development (Beijing) Co., Ltd (第一摩碼體育文化發展(北京)股份有限公司) (stock code: 872128) since December 19, 2016, a company primarily engaged in preschool education services and fitness services, and Bigger Eco Technology (Xi'an) Co., Ltd (倍格創業生態科技(西安)股份有限公司) (stock code: 873162) since December 28, 2017, a company primarily engaged in providing integrated solutions for office space for small and medium-sized enterprises, both of which are listed on the NEEQ, and where he is responsible for providing advice for the companies' strategy formulation.

Mr. Long obtained his bachelor's degree in information management and information systems from Beijing Union University (北京聯合大學) in July 2010 in the PRC.

Independent Non-Executive Directors

Mr. Cheng Peng (程鵬), aged 46, was appointed as our independent non-executive Director on July 21, 2020. Mr. Cheng is responsible for providing independent advice and judgment to our Board.

Mr. Cheng has over nine years of experience in property management services field. He has been the deputy professor of the department of property management of the school of economic management of Beijing Forestry University (北京林業大學) since July 2011 and started to serve as head of the department from September 2012. From July 1998 to July 2009, he worked as a lecturer and then a deputy professor at the college of management science and information engineering of Jilin University of Finance and Economics (吉林財經大學). From July 2009 to July 2011, he conducted post-doctoral research in management science and engineering at the Graduate School of Chinese Academy of Sciences (中國科學院研究生院) (now known as University of Chinese Academy of Sciences (中國科學院大學)).

Mr. Cheng obtained his bachelor's degree in economic information management from Changchun College of Taxation (長春稅務學院) (now known as Jilin University of Finance and Economics (吉林財經大學)) in the PRC in July 1998. He obtained his master's degree in business administration from Jilin University (吉林大學) in the PRC in June 2005. He obtained his doctor's degree in management science and engineering from Jilin University (吉林大學) in the PRC in June 2009. Mr. Cheng has been a member of the Specialized Committee of Real Estate Market Services of the Science Technology Committee of MOHURD (住房和城鄉建設部科學技術委員會房地產市場服務專業委員會) since September 17, 2019. He has been the deputy secretary of the Chinese Association for Science of Science and S&T Policy (中國科學學與科技政策研究會) since March 30, 2018. He also currently serves as the vice chairman of the Specialized Committee of Industry-University-Research of China Property Management Institute (中國物業管理協會產學研專業委員會).

Ms. Sun Jing (孫靜), aged 42, was appointed as our independent non-executive Director on July 21, 2020. Ms. Sun is responsible for providing independent advice and judgment to our Board.

Ms. Sun has over 19 years of experience in handling financial matters of companies. She is the co-founder of Beijing Mars Technology Co., Ltd. (北京瑪泰科技有限公司), a company primarily engaged in providing internet information and technology services, since February 12, 2019, where she is responsible for the financial management and operation and overseeing the investment and financing matters of the company. From July 2001 to October 2004, she worked at Great Wall Broadband Network Service Co., Ltd. (長城寬帶網路服務有限公司), a company primarily engaged in providing broadband services. From August 2005 to October 2007, she worked at SAP (Beijing) Software System Co., Ltd. (思愛普(北京)軟件系統有限公司), a company primarily engaged in providing software and technology solutions. From December 2007 to May 2012, she worked at Lenovo (Beijing) Co., Ltd. (聯想(北京)有限公司), a company primarily engaged in personal computer businesses. From September 2012 to April 2016, she worked at Beijing Lianjia Real Estate Agency Co., Ltd. (北京鏈家房地產經紀有限公司), a company primarily engaged in real estate agency businesses. From May 2016 to June 2017, she worked at Beijing Ziroom Life Enterprise Management Co., Ltd. (北京自如生活企業管理有限公司), a company primarily engaged in providing residential products and services.

Ms. Sun obtained her master's degree in accounting from Central University of Finance and Economics (中央財經大學) through distance learning by way of correspondence education in the PRC in January 2008. Ms. Sun obtained her bachelor's degree in financial accounting education from Hebei Normal University of Vocational Technology (河北職業技術師範學院) (now known as Hebei Normal University of Science & Technology (河北科技師範學院)) in the PRC in June 2001. She is a non-practicing member of the Beijing Institute of Certified Public Accountants (北京註冊會計師協會) since September 7, 2010.

Ms. Zhu Caiqing (朱彩清), aged 51, was appointed as our independent non-executive Director on July 21, 2020. Ms. Zhu is responsible for providing independent advice and judgment to our Board.

Ms. Zhu has over 17 years of experience in real estate industry. From April 2003 to January 2009 and from January 2009 to June 2011, Ms. Zhu served as the manager of the secretariat office of and the manager of the settlement pilot department of the Settlement Committee of Chinese Real Estate Research Association (中國房地產研究會人居環境委員會) (now known as Settlement Committee of China Real Estate Association (中國房地產業協會人居環境委員會)), respectively, a committee promoting outstanding local and overseas scientific research of settlement environment and the application thereof. Since July 2011, Ms. Zhu has been promoted as the secretary general, where she is responsible for the daily operation and financial performance of the committee.

Ms. Zhu obtained her master's degree in public administration from Xinjiang University (新疆大學) in June 2015 in the PRC. She graduated from College of Correspondence of Party School of the Central Committee of the Communist Party of China (中共中央黨校函授學院) majoring in economic management through distance learning by way of correspondence education in December 1997 in the PRC. She was granted the certification of deputy researcher by the MOHURD on December 28, 2018.

Save as disclosed above, none of our Directors held or holds any other directorships in any other companies listed in Hong Kong or overseas in the three years prior to the date of this prospectus. For more information about our Directors, including the particulars of their service contracts, letters of appointment and remuneration, and details of the interests of our Directors in the Shares (within the meaning of Part XV of the SFO), see "Appendix IV — Statutory and General Information" to this prospectus.

Save as disclosed above, there are no other matters in respect of each of our Directors that are required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there are no other material matters relating to our Directors that need to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

Our executive Directors and senior management are responsible for the day-to-day management and operation of our business. Information concerning our executive Directors is shown in "— Directors — Executive Directors" above. The biography of each of our senior management members is set out below:

Mr. Pan Fengwei (潘鳳偉), aged 38, was appointed as our deputy general manager on January 20, 2020. Mr. Pan is responsible for managing the business line of green living solutions of our Group.

Mr. Pan has had more than 14 years of experience in the engineering, construction and energy conserving industry. Prior to joining our Group, from July 2006 to June 2011, Mr. Pan served as a heating ventilation designer of Beijing Jinwanzhong Air-conditioning Refrigeration Equipment Co., Ltd. (北京金萬眾空調製冷設備有限責任公司), a company primarily engaged in designing, producing and selling centralized air-conditioning systems for industrial corporations. During that time, Mr. Pan was responsible for centralized air-conditioning engineering design. Mr. Pan then served as a department manager of New Momentum (Beijing) Construction Technology Co., Ltd. (新動力(北京)建築科技有限公司), a company primarily engaged in construction technology services, from June 2011 to December 2014. During that time, Mr. Pan was responsible for design management. Mr. Pan joined First Living as deputy manager on December 3, 2014, where he was responsible for the daily operation of First Living, and has been appointed as the deputy general manager and executive director since May 25, 2017, where he is responsible for the operation and management of First Living.

Mr. Pan obtained his bachelor's degree in building environment and equipment engineering from Tianjin College of Commerce (天津商學院) (now known as Tianjin University of Commerce (天津商業大學)) in June 2006 in the PRC. Mr. Pan obtained registered qualification certificate of associate constructor (二級建造師) in mechanical and electrical engineering from Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) on January 4, 2011. He also obtained intermediate specialized technique qualification in refrigeration and air conditioning (製冷空調中級專業技術資格) from Beijing Intermediate Specialized Technique Qualification Evaluation Committee (北京市中級專業技術資格評審委員會) on August 29, 2011.

Mr. Li Qingchang (李慶昌), aged 42, was appointed as our deputy general manager on January 20, 2020. Mr. Li is responsible for managing merger and acquisition transactions of the property management business of our Group including carrying out negotiation, conducting valuation and designing transaction structure.

Mr. Li has more than 16 years of experience in the property management industry. From January 2004 to February 2006, Mr. Li worked at Kiu Lok Property Services Co., Ltd (北京僑樂物業管理服務有限公司), a company principally engaged in property management services. From March 2006 to February 2007, Mr. Li served as the manager of customer services of Beijing Sunshine Hundred Property Management Services Co., Ltd (北京陽光壹佰物業服務有限公司), a company principally engaged in property management services, where he was responsible for customer relationship management. Mr. Li has been appointed as a deputy general manager of First Property Management since July 6, 2009, where he is responsible for managing merger and acquisition transactions of First Property Management. Mr. Li also holds directorships and other positions in a number of other subsidiaries of our Company.

Mr. Li obtained his associate's degree in real estate operation management through night school from Capital University of Economics and Business (首都經濟貿易大學) in July 2003 in the PRC. Mr. Li obtained the qualification certificate of certified property manager (物業管理師資格) from Beijing Human Resources and Social Security Bureau (北京市人力資源和社會保障局) on May 11, 2011 in the PRC. Mr. Li obtained the certificate of excellent property manager of 2017 from China Association for Professional Managers (中國職業經理人協會) in November 2017 in the PRC. Mr. Li obtained the Certificate of Beijing Property Management Project Manager (北京市物業項目負責人) from Beijing Municipal Commission of Housing and Urban-Rural Development (北京市住房和城鄉建設委員會) for the period from March 2011 to December 2017 in the PRC.

Ms. Niu Jiao (牛嬌), aged 40, was appointed as the secretary of our Board on January 20, 2020. She is mainly responsible for overseeing the financing and securities affairs, investor relations, market value management and listing compliance management of our Group.

Ms. Niu has over 13 years of experience in administration and compliance matters and industry research. From July 2007 to April 2010, Ms. Niu served as an industry analyst of the Beijing representative office of The Freedonia Group Inc. (美國弗裡多尼亞集團公司北京代表處), a market research company, where she was responsible for drafting industry research reports. Ms. Niu was the head of human resources and administration department and general manager assistant of Tianjin Tenio Architecture and Engineering Co., Ltd (天津天友建築設計股份有限公司), a company listed on the NEEQ with stock code 430183 and principally engaged in construction design and consultation, from January 2011 to January 2015. During that time, Ms. Niu was responsible for strategic planning, designing shareholding structure and managing human resources. Ms. Niu served as deputy director of human resources center of First Property Management from March 27, 2015 to December 18, 2015, where she was responsible for equity management and investor relations management, and has been appointed as the secretary of the board of directors since December 19, 2015, where she is responsible for the corporate governance, capital operations, equity management, investor relations management and information disclosure of First Property Management. Ms. Niu also served as a supervisor of First Living from May 25, 2017 to December 18, 2019, where she was responsible for auditing the financial statements and reports of First Living and monitoring the performance of the directors and senior management of First Living.

Ms. Niu obtained her bachelor's degree in packaging engineering from Xi'an University of Technology (西安理工大學) in July 2002, and obtained her master's degree in management science and engineering from Beijing University of Chemical Technology (北京化工大學) in June 2007 in the PRC. Ms. Niu has obtained board secretary qualification certificates from the Shenzhen Stock Exchange in October 2016 and the Shanghai Stock Exchange in September 2017, respectively.

COMPANY SECRETARY

Ms. Szeto Kar Yee Cynthia has been appointed as our company secretary with effect from the Listing. Ms. Szeto is an associate member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the United Kingdom. She obtained a bachelor's degree of Arts in Language Studies with Business from The Hong Kong Polytechnic University in November 2004 and a master's degree of Science in Professional Accounting and Corporate Governance from City University of Hong Kong in July 2012. Ms. Szeto has more than 10 years of professional and in-house experience in the company secretarial field. She works in the listing services department of TMF Hong Kong Limited and is responsible for providing corporate secretarial and compliance services to listed companies. She is currently a joint company secretary of Inke Limited (stock code: 3700), a company listed on the Stock Exchange.

BOARD COMMITTEES

Audit Committee

Our Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("**Corporate Governance Code**"). The Audit Committee consists of three members, namely Ms. Sun Jing, Ms. Zhu Caiqing and Mr. Cheng Peng. Ms. Sun Jing has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Company, oversee the audit process, review and oversee the existing and potential risks of our Company, and perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee has three members, namely Mr. Cheng Peng, Mr. Zhang Peng and Ms. Zhu Caiqing. Mr. Cheng Peng has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangement. Mr. Zhang Peng does not receive remuneration for his role as the non-executive Director and will abstain from recommending or approving his own Director's remunerations, if any.

Nomination Committee

Our Company established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The Nomination Committee consists of two of our independent non-executive Directors, namely Ms. Zhu Caiqing and Mr. Cheng Peng and our non-executive Director and chairman of our Board, namely Mr. Zhang Peng, who is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors.

WAIVER GRANTED BY THE STOCK EXCHANGE

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For more information on the waiver, see "Waivers from Strict Compliance with the Requirements under the Listing Rules — Waiver in Relation to Management Presence in Hong Kong".

CORPORATE GOVERNANCE CODE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code and the associated Listing Rules after the Listing.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation in the form of salaries, allowances, discretionary bonuses, share options, contributions to retirement benefits schemes and other benefits in kind subject to applicable laws, regulations and rules. The aggregate amount of remuneration (including salaries, allowances, discretionary bonuses, contributions to retirement benefits schemes and other benefits in kind) paid to our Directors in 2017, 2018, 2019 and the four months ended April 30, 2020 was approximately RMB1,673,000, RMB2,264,000, RMB2,363,000 and RMB807,000, respectively. The five highest paid individuals of our Group included four, four, four and three Directors in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively. Excluding those Directors, the aggregate amount of remuneration (including salaries, allowances, discretionary bonuses, contributions to retirement benefit schemes and other benefits in kind) paid to the remaining one, one, one and two highest paid individual(s) of our Group in 2017, 2018, 2019 and the four months ended April 30, 2020 were approximately RMB435,000, RMB514,000, RMB494,000 and RMB286,000, respectively.

Under the arrangements currently in force, the aggregate remunerations, excluding discretionary bonus, of our Directors for the year ending December 31, 2020 is estimated to be approximately RMB2.8 million.

The independent non-executive Directors receive fees from our Company. All Directors receive reimbursements from our Company for expenses which are necessary and reasonably incurred for providing services to our Company or executing matters in relation to the operations of our Company and are paid out of the funds of our Company by way of fees for their services as directors, such sums (if any) as the Directors may from time to time determine (not exceeding in aggregate an annual sum excluding other amounts payable (e.g. expenses as remuneration for employment) or such larger amount as our Company may by ordinary resolution determine). Save as disclosed above, our Directors are not entitled to receive any other special benefits from our Company. The compensation of our Directors is determined by our Board which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account applicable laws, regulations and rules.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group for the Track Record Period. No compensation was paid to, or receivable by, our Directors or past Directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted our board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Board comprises nine members, including one female executive Director and two female independent non-executive Directors. Pursuant to the board diversity policy, we aim to maintain at least a 20% female representation in our Board and the composition of our Board satisfies this target gender ratio. Nevertheless, in recognizing the particular importance of gender diversity, we confirm that our Nomination Committee will use its best efforts to identify and recommend suitable female candidates to our Board for its consideration. We will implement policies to ensure that there is gender diversity when recruiting staff at the mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to our senior management or our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, human resources, information technology, accounting and financial management, risk management, corporate governance and evaluation of properties and assets. They obtained degrees in various majors including law, business administration, accounting, heating, ventilation and air conditioning engineering, information management and information systems and public administration. We have three independent non-executive Directors with different industry backgrounds, representing a third of the members of our Board. Furthermore, our Board has a wide range of age, ranging from 32 to 51 years old. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

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

COMPLIANCE ADVISER

We have appointed Soochow Securities International Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us 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 share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date or the compliance adviser mandate is terminated pursuant to the terms thereof (whichever is earlier).

SHARE OPTION SCHEME

In order to incentivize Directors, senior management and employees for their contribution to our Company, and to attract, motivate and retain skilled and experienced personnel, we have adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in "Statutory and General Information — D. Share Option Scheme" in Appendix IV.

So far as our Directors are aware, immediately following the completion of the Share Subdivision, 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 or options which may be granted under the Share Option Scheme, the following persons will have an interest or a short position in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries:

		Shares held as of the date of this prospectus		Immediately after the Share Subdivision, the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised)	
Name of shareholder	**Nature of interest**	**Number of Shares**	**Approximate percentage of interest in our Company**	**Number of Shares**	**Approximate percentage of interest in our Company**
Mr. Zhang Lei *(Note 1)*	Interest in controlled corporation	52.7412	52.74%	395,559,000	39.56%
Ms. Yu Jinmei *(Note 2)*	Interest of spouse	52.7412	52.74%	395,559,000	39.56%
Glorious Group *(Note 1)*	Beneficial owner	44.2369	44.24%	331,776,750	33.18%
Cedar Group *(Note 1)*	Beneficial owner	8.5043	8.50%	63,782,250	6.38%
Mr. Zhang Peng *(Note 3)*	Interest in controlled corporation	22.7703	22.77%	170,777,250	17.08%
Ms. Wang Yujuan *(Note 4)*	Interest of Spouse	22.7703	22.77%	170,777,250	17.08%
Hao Fung *(Note 3)*	Beneficial owner	22.7703	22.77%	170,777,250	17.08%
CDH Griffin *(Note 5)*	Interest in controlled corporation	11.5232	11.52%	86,424,000	8.64%
East Oak *(Note 5)*	Interest in controlled corporation	11.5232	11.52%	86,424,000	8.64%

Name of shareholder	Nature of interest	Shares held as of the date of this prospectus		Immediately after the Share Subdivision, the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised)	
		Number of Shares	Approximate percentage of interest in our Company	Number of Shares	Approximate percentage of interest in our Company
Access Star *(Note 5)*	Interest in controlled corporation	11.5232	11.52%	86,424,000	8.64%
Ningbo Huiyong *(Note 5)*	Interest in controlled corporation	11.5232	11.52%	86,424,000	8.64%
Ningbo Chunyong *(Note 5)*	Interest in controlled corporation	11.5232	11.52%	86,424,000	8.64%
Ningbo Runyong *(Note 5)*	Interest in controlled corporation	11.5232	11.52%	86,424,000	8.64%
Ningbo Weijun *(Note 5)*	Interest in controlled corporation	11,532	11.52%	86,424,000	8.64%
Ningbo Xubo *(Note 5)*	Interest in controlled corporation	11,532	11.52%	86,424,000	8.64%
Ningbo Penghui *(Note 5)*	Interest in controlled corporation	11,532	11.52%	86,424,000	8.64%
Tianjin Haoyong *(Note 5)*	Interest in controlled corporation	11.5232	11.52%	86,424,000	8.64%
Tianjin Weiyuan *(Note 5)*	Interest in controlled corporation	11.5232	11.52%	86,424,000	8.64%
Tianjin Taiding *(Note 5)*	Interest in controlled corporation	11.5232	11.52%	86,424,000	8.64%
Dinghui Investment *(Note 5)*	Interest in controlled corporation	11.5232	11.52%	86,424,000	8.64%
Shanghai CDH Yaojia *(Note 5)*	Beneficial owner	11.5232	11.52%	86,424,000	8.64%

Notes:

1. Each of Glorious Group and Cedar Group is wholly-owned by Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed under the SFO to be interested in 331,776,750 Shares and 63,782,250 Shares held by Glorious Group and Cedar Group, respectively, upon the Listing.

2. Ms. Yu Jinmei, the spouse of Mr. Zhang Lei, is deemed under the SFO to be interested in these 395,559,000 Shares in which Mr. Zhang Lei is deemed to be interested upon the Listing.

3. Hao Fung is wholly-owned by Mr. Zhang Peng. Therefore, Mr. Zhang Peng is deemed under the SFO to be interested in these 170,777,250 Shares held by Hao Fung upon the Listing.

4. Ms. Wang Yujuan, the spouse of Mr. Zhang Peng, is deemed under the SFO to be interested in these 170,777,250 Shares in which Mr. Zhang Peng is deemed to be interested upon the Listing.

5. Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司) ("**Dinghui Investment**") is the general partner of Shanghai CDH Yaojia. Dinghui Investment is owned as to 85.4% by Tianjin Taiding Investment Co., Ltd. (天津泰鼎投資有限公司) ("**Tianjin Taiding**"). Tianjin Taiding is owned as to 45% and 55% by Tianjin Weiyuan Investment Management Co., Ltd. (天津維遠投資管理有限公司) ("**Tianjin Weiyuan**") and Tianjin Haoyong Investment Management Co., Ltd. (天津浩永投資管理有限公司) ("**Tianjin Haoyong**"), respectively. Tianjin Weiyuan is wholly-owned by Ningbo Economic and Technological Development Zone Penghui Investment Consulting Co., Ltd. (寧波經濟技術開發區鵬暉投資諮詢有限公司) ("**Ningbo Penghui**"). Ningbo Penghui is wholly owned by Ningbo Economic and Technological Development Zone Xubo Investment Consulting Co., Ltd. (寧波經濟技術開發區旭博投資諮詢有限公司) ("**Ningbo Xubo**"). Ningbo Xubo is wholly owned by Ningbo Economic and Technological Development Zone Weijun Investment Consulting Co., Ltd. (寧波經濟技術開發區維均投資諮詢有限公司) ("**Ningbo Weijun**"). Ningbo Weijun is wholly-owned by Access Star Company Limited ("**Access Star**"). Tianjin Haoyong is wholly-owned by Ningbo Economic and Technological Development Zone Runyong Investment Consulting Co., Ltd. (寧波經濟技術開發區潤永投資諮詢有限公司) ("**Ningbo Runyong**"). Ningbo Runyong is wholly-owned by Ningbo Economic and Technological Development Zone Chunyong Investment Consulting Co., Ltd. (寧波經濟技術開發區淳永投資諮詢有限公司) ("**Ningbo Chunyong**"). Ningbo Chunyong is wholly-owned by Ningbo Economic and Technological Development Zone Huiyong Investment Consulting Co., Ltd. (寧波經濟技術開發區匯永投資諮詢有限公司) ("**Ningbo Huiyong**"), which is wholly-owned by East Oak Company Limited ("**East Oak**"). Each of Access Star and East Oak is owned as to 85% by CDH Griffin Holdings Company Limited ("**CDH Griffin**"). Therefore, Dinghui Investment, Tianjin Taiding, Tianjin Weiyuan, Tianjin Haoyong, Ningbo Runyong, Ningbo Chunyong, Ningbo Huiyong, Ningbo Penghui, Ningbo Xubo, Ningbo Weijun, East Oak, Access Star and CDH Griffin are deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia upon the Listing.

Save as disclosed above and in "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix IV, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

AUTHORIZED AND ISSUED SHARE CAPITAL

Authorized Share Capital

The following is a description of the authorized share capital of our Company as of the Latest Practicable Date and immediately following the completion of the Global Offering:

	Shares	Total nominal value
		US$
As of the Latest Practicable Date	50,000	50,000.00
Immediately following the completion of the Global Offering	250,000,000,000	50,000.00

Issued Share Capital

The following is a description of the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Global Offering (assuming that the Over-allotment Option is exercised in full):

Shares	Description of Shares	Nominal value	Total nominal value
		US$	US$
100	Shares in issue as of the date of this prospectus	1.00	100.00
500,000,000	Shares in issue after the Share Subdivision	0.0000002	100.00
250,000,000	Shares to be issued pursuant to the Capitalization Issue	0.0000002	50.00
250,000,000	Shares to be issued pursuant to the Global Offering	0.0000002	50.00
37,500,000	Shares to be issued upon the Over-allotment Option being exercised in full	0.0000002	7.50
1,037,500,000	**Total**	**0.0000002**	**207.50**

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering and the exercise of the Over-allotment Option. The above does not take into account any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08 of the Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the total issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued 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.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

Pursuant to the Cayman Islands Companies Law and the terms of our Memorandum and Articles of Association, our Company may from time to time by ordinary resolution (i) increase its capital, (ii) consolidate and divide its capital into Shares of larger amount, (iii) divide its Shares into classes, (iv) subdivide its Shares into Shares of smaller amount and (v) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by special resolution. For more information, see "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Companies Law — Summary of the Constitution of the Company — 2 Articles of Association — 2.5 Alteration of capital" to this prospectus.

Pursuant to the Cayman Islands Companies Law and the terms of our Memorandum and Articles of Association, all or any of the special rights attached to the Shares or any class of Shares may 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. For more information, see "Appendix III — Summary of the Constitution of our Company and Cayman Islands Companies Law — Summary of the Constitution of the Company — 2 Articles of Association — 2.4 Variation of rights of existing shares or classes of shares" to this prospectus. Further, our Company will also hold general meetings from time to time as may be required under the Articles of Association, a summary of which is set out in "Appendix III — Summary of the Constitution of our Company and Cayman Islands Companies Law" to this prospectus.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the conditions stated in "Structure of the Global Offering — Conditions of the Global Offering", our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For more information on these general mandate, see "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 3. Written Resolutions of the Shareholders of Our Company Passed on September 25, 2020" to this prospectus.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. The principle terms of the Share Option Scheme are summarized in "Appendix IV — Statutory and General Information — D. Share Option Scheme" to this prospectus.

You should read the following discussion and analysis in conjunction with our historical financial information set forth in our Accountants' Report in Appendix I to this prospectus. Our historical financial information was prepared in accordance with the IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain certain forward-looking statements which involve risks and uncertainties. These forward-looking statements are based on assumptions and analysis we made in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We provide property management services and green living solutions that cover the full property life-cycle. Since the commencement of our business in 1999, we have pursued rapid expansion and financial success. CIA has ranked us No. 31 among the 2020 Top 100 Property Management Companies in terms of overall strength[(1)], representing an upward improvement of 45 places from our ranking of No. 76 in 2015. In May 2020, CIA also recognized us as one of the 2020 Top 100 Property Management Companies in terms of Service Quality (2020中國物業服務百強服務質量領先企業). Furthermore, according to CIA, we achieved year-on-year growth in terms of GFA under management of 29.6% from 2018 to 2019, higher than the year-on-year growth of GFA under management of 15.1% for the Top 100 Property Management Companies. As of April 30, 2020, we had contracted to provide property management services in 52 cities across 19 provinces and municipalities in China.

We historically focused on enhancing quality of life within residential properties, which accounted for more than 95.0% of our total GFA under management as of April 30, 2020. During the Track Record Period, our GFA under management increased at a CAGR of 38.9% from 7.1 million sq.m. as of December 31, 2017 to 13.7 million sq.m. as of December 31, 2019, and further to 15.0 million sq.m. as of April 30, 2020. Our contracted GFA grew at a CAGR of 50.2% from 11.4 million sq.m. as of December 31, 2017 to 25.7 million sq.m. as of December 31, 2019, and further to 27.0 million sq.m. as of April 30, 2020. Our revenue increased at a CAGR of 28.4% from RMB379.2 million in 2017 to RMB624.7 million in 2019, as compared to

Note:

(1) CIA publishes an annual ranking of China-based property management companies by overall strength each year. CIA prepares the ranking by assessing certain key factors as relevant to each company, including but not limited to management scale, operational performance, service quality, growth potential and social responsibility. The 2020 Top 100 Property Management Companies comprised of 244 companies, where multiple companies with the same or very close scores were assigned the same ranking. Our rankings based on growth rate, revenue per sq.m. and proportion of total GFA under management certified as "green buildings" may be different from the rankings in terms of overall strength. For more information, see "Industry Overview — Background and Methodologies of CIA".

the average increase in CAGR of 18.4% for the 2019 Top 100 Property Management Companies over the same period. Our net profit increased at a CAGR of 41.6% from RMB41.8 million in 2017 to RMB83.9 million in 2019, as compared to the average increase in CAGR of 26.1% for the 2019 Top 100 Property Management Companies over the same period. Out of our total of 99 property management projects as of April 30, 2020, 33 were certified as "green buildings"[(2)], amounting to a total GFA under management of 6.7 million sq.m. and generating RMB75.7 million, or 33.6%, of our total revenue for the four months ended April 30, 2020.

In addition to our property management services, we offer green living solutions that allow us to improve living conditions while upholding our commitment to environmental sustainability. They include energy operation services, where we operate energy stations to provide central heating and central cooling as an alternative to traditional government-operated centralized heating systems. We also provide green technology consulting and systems installation services, where we design and install energy systems to enhance indoor comfort.

We have been able to count on the Controlling Shareholders Group as a source of business opportunities while making consistent efforts to establish and cultivate relationships with third-party developers. During the Track Record Period, we managed all the projects sourced from the Controlling Shareholders Group, which focuses on property development, property investment and a range of related businesses. The Controlling Shareholders Group comprises Modern Land Group (the shares of which are listed on the Stock Exchange (stock code: 1107)), Modern Investment Group and Super Land Group. Modern Land is ultimately owned as to 66.11% by Mr. Zhang Lei. Modern Investment is ultimately and wholly-owned by Mr. Zhang Lei and his daughter, Ms. Zhang Xinyu. Super Land is ultimately and wholly-owned by Mr. Zhang Lei, his family members and certain other individuals. In 2017, 2018, 2019 and the four months ended April 30, 2020, revenue generated from services provided to the Controlling Shareholders Group amounted to RMB97.5 million, RMB137.9 million, RMB173.8 million and RMB50.9 million, respectively, accounting for 25.7%, 27.8%, 27.8% and 22.7% of our total revenue, respectively. We are confident that our long-term and stable business relationship with the Controlling Shareholders Group has allowed and will continue to allow us to benefit from their project reserve. Our Directors therefore expect that the Controlling Shareholders Group will continue to contribute to a substantial portion of our revenue, and believe the risk of terminating our mutual and complementary relationship with the Controlling Shareholders Group is remote. For more information, see "Relationship with Controlling Shareholders".

Note:

(2) According to CIA, the term commonly used in the PRC property development and property management industries to refer to properties that have been awarded "Green Building Labels" (綠色建築標識) by MOHURD and its local administrative authorities. The certification criteria for "Green Building Labels" are based on the five factors of safety and durability (安全耐久), health and comfort (健康舒適), lifestyle convenience (生活便利), resource conservation (資源節約) and livability (環境宜居). For more information, see "Industry Overview — The PRC Property Management Industry — Property Management for 'Green Buildings' — Certification Requirements for 'Green Building Labels'".

We believe our growth is primarily attributable to our business development capabilities. Our GFA under management and revenue sourced from third-party developers grew significantly during the Track Record Period. Our GFA under management attributable to third-party developers increased at a CAGR of 88.6% from 0.9 million sq.m. as of December 31, 2017 to 3.2 million sq.m. as of December 31, 2019, and further to 4.1 million sq.m. as of April 30, 2020. We also experienced corresponding growth in revenue generated from property management projects sourced from third-party developers, from RMB8.4 million in 2017 to RMB40.9 million in 2019, and from RMB12.3 million for the four months ended April 30, 2019 to RMB14.6 million for the four months ended April 30, 2020. Furthermore, our contracted GFA attributable to third-party developers increased at a CAGR of 89.5% from 2.7 million sq.m. as of December 31, 2017 to 9.7 million sq.m. as of December 31, 2019, and further to 10.2 million sq.m. as of April 30, 2020.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on January 20, 2020. Upon the completion of the Reorganization before the Listing, our Company will become the holding company of the companies comprising our Group. For more information on our Reorganization, see "History and Reorganization".

Our historical financial information has been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**").

Our historical financial information has been prepared on a historical cost basis except for certain investment properties and financial instruments that were measured at fair value through profit or loss or at fair value through other comprehensive income at the end of each reporting period, as appropriate, and in accordance with the IFRSs. In addition, our historical financial information included the applicable disclosure requirements under the Listing Rules and the Companies Ordinance. For more information on the basis of presentation of the historical financial information included in this section, see "Appendix I — Accountants' Report — Notes to the Historical Financial Information — 1. Basis of Preparation and Presentation of Historical Financial Information" to this prospectus.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies, which we consider significant in the preparation of our financial statement, and summarized some of the significant accounting policies below. For more information on other accounting policies, see "Appendix I — Accountants' Report — Notes to the Historical Financial Information — 2. Significant Accounting Policies" to this prospectus.

Adoption of IFRS 9, IFRS 15 and IFRS 16

Our historical financial information has been prepared based on the underlying financial statements, in which IFRS 9, "*Financial instruments*" ("**IFRS 9**") and IFRS 15, "*Revenue from contracts with customers*" ("**IFRS 15**") and IFRS16, "*Leases*" ("**IFRS 16**") have been applied consistently throughout the Track Record Period.

Given that the Track Record Period spans from January 1, 2017 to April 30, 2020, by which time IFRS 9, IFRS 15 and IFRS 16 would be mandatorily applied, we have adopted IFRS 9, IFRS 15 and IFRS 16 in lieu of IAS 39 "*Financial Instruments: Recognition and Measurement*" ("**IAS 39**"), IAS 18 "*Revenue*" ("**IAS 18**")/IAS 11 "*Construction contracts*" ("**IAS 11**") and IAS 17 "*Leases*" ("**IAS 17**") in the preparation of our financial statements, such that our historical financial information prepared under IFRS 9, IFRS 15 and IFRS 16 is comparable on a period-to-period basis. Neither have we prepared, nor the reporting accountants have audited or reviewed, our combined financial statements for the Track Record Period prepared under IAS39, IAS 18/IAS11 and IAS17. For the purpose of providing additional information to our investors, we have used our best efforts to assess the respective impact on our combined financial information of the adoption of IFRS 9, IFRS 15 and IFRS 16. Our Directors consider that the adoption of IFRS 9, IFRS 15 and IFRS 16 did not have a material impact on our financial position and performance during the Track Record Period as compared to IAS 39, IAS 18/IAS 11 and IAS17, except that contract liabilities amounted to RMB152.2 million, RMB174.7 million, RMB226.6 million and RMB185.4 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, would have been reclassified as "receipts in advance" under "trade and other payables" had IAS 18/IAS 11 been applied during the Track Record Period.

Revenue Recognition

We classify income arose from the sales of goods, the provision of services or the use of our assets by others under leases in the ordinary course of our business as revenue. Revenue is recognized when control over a product or service is transferred to our customer, or the lessee has the right to use the asset, at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, 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 with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to us, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. We do not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Property Management Services, Energy Operation Services, Green Technology Consulting Services and Value-Added Services

For property management services, we recognize revenue in the amount to which we have the right to invoice based on the value of performance completed on a monthly basis. For property management service income arising from properties managed under a lump sum basis, where we act as principal, we are entitled to revenue at the value of property management fee received or receivable. For property management service income arising from properties managed under a commission basis, where we act as an agent of the property owners, we are entitled to revenue at a pre-determined percentage or fixed amount of the property management fees the property owners are obligated to pay.

For energy operation services and green technology consulting services, we act as a principal and entitle to revenue at the value of related service fee received or receivable, and recognize our revenue when the related services are rendered. Payment of the transaction is due immediately when the services are rendered or in installments at certain milestones.

For parking space management services under our value-added service segment, we recognize revenue at the value of related service fee received or receivable on a monthly basis. For other value-added services, we recognize revenue when the respective services are rendered. Other value-added services are normally billable immediately when the services are rendered or in installments at certain milestones.

Sales of our AIRDINO Systems

We recognize revenue when the customer takes possession of and accepts the products. If the products are a partial fulfillment of a contract covering other goods and/or services, the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

Systems Installation Services

We recognize revenue from a system installation service contract progressively over time using the cost-to-cost method, which is based on the proportion of the actual costs incurred relative to the estimated total costs when the outcome of the service contract can be reasonably measured. The likelihood of us earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that we only recognize revenue to the extent that it is highly probable that a significant reversal of revenue recognized will not occur. When the outcome of the contract cannot be reasonably measured, we recognize revenue only to the extent of contract costs incurred that are expected to be recovered.

Credit Losses from Financial Instruments and Contract Assets

We recognize a loss allowance for expected credit losses ("**ECLs**") on, restricted cash, financial assets measured at amortized cost, which include our cash and cash equivalents, trade and other receivables, loan receivables, and our contract assets as defined in IFRS 15.

Other financial assets measured at fair value, including equity and debt securities measured at fair value through profit or loss ("**FVPL**") and equity securities designated at fair value through other comprehensive income ("**FVOCI**") (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. We measure credit losses as the present value of all expected cash shortfalls, which represent the difference between the cash flows due to us in accordance with the contract and the cash flows that we expect to receive, discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which we are exposed to credit risk. In measuring ECLs, we take into account reasonable and supportable information that is available without undue cost or effort, including information about past events, current conditions and forecasts of future economic conditions.

We measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on our historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, we recognize a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant Increases in Credit Risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, we compare the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, we consider that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to us in full, without recourse by us to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. We consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, we take into account the following information when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to us.

Depending on the nature of the financial instruments, we perform the assessment of a significant increase in credit risk on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

We remeasure ECLs at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition and any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. We recognize an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of Calculation of Interest Income

We recognize interest income based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost which is the gross carrying amount less loss allowance of the financial asset.

At each reporting date, we assess whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Examples of these events include:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off Policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when we determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Contract Assets and Contract Liabilities

We recognize a contract asset when we recognize revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. We assess our contract assets for expected credit losses ("**ECL**") and reclassify such balances to receivables when the right to the consideration has become unconditional.

We recognize a contract liability when our customer pays non-refundable consideration before we recognize the related revenue or when we have an unconditional right to receive non-refundable consideration before we recognize the related revenue. In such cases, a corresponding receivable would also be recognized.

For a single contract our customer, we present either a net contract asset or a net contract liability. For multiple contracts, we do not present contract assets and contract liabilities of unrelated contracts on a net basis. When a contract includes a significant financing component, the contract balance includes interest accrued under the effective interest.

Trade and Other Receivables

We recognize a receivable when we have an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. When we recognize revenue before we have an unconditional right to receive consideration, such amount is presented as a contract asset.

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses.

Trade and Other Payables

Trade and other payables are initially recognized at fair value and are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, some of which are beyond our control, including those factors set out in "Risk Factors" in this prospectus and those set out below. Accordingly, our historical financial results may not be indicative of our future performance and our management's assessment of the prospects of our Group. The key factors affecting our results of operations include, among other factors, the following:

Ability to Respond to Market Conditions and Regulatory Environment of the Property Development and Property Management Industries

Our business and results of operations are affected by our ability to obtain new property management contracts from property developers. The demand of our services is partly dependent on the number of new property development projects available in the market, which is affected by the performance of the real estate market in the PRC and the general economic conditions in China, the rate of urbanization and, consequently, the demand for properties in the PRC. Any economic downturn in the PRC, particularly Beijing where we derived more than 30% of our total revenue during the Track Record Period, could adversely affect our business, results of operations and financial position. The regulatory environment in the PRC and policies and measures taken by the PRC Government have also affected the development of the real estate market and property management market, which in turn affect our business and results of operations. For more information, see "Risk Factors — Risks Relating to Our Business and Industry — We derive a significant portion of our revenue from property management services provided to projects in Beijing, and we are susceptible to any adverse development in government policies or business environment in this region" and "Risk Factors — Risks Relating to Doing Business in China".

In June 2003, the PRC Government promulgated the Provisions on Property Management (物業管理條例), establishing a regulatory framework for the property management industry. Since then, a number of laws and rules have come into effect regulating various aspects of the property management industry and numerous policies enacted to promote its development, including Circular of the NDRC on the Opinions of Relaxing Price Controls in Certain Services (國家發展改革委關於放開部分服務價格意見的通知) and the Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Resident Service Industry to Promote the Upgrading of Consumption Structure (國務院辦公廳關於加快發展生活性服務業促進消費結構升級的指導意見). Such policies had allowed us to operate under a friendly regulatory landscape that will continue driving the development of the property management industry. However, we cannot guarantee you that the PRC Government, or the local government where we principally operate, will not suspend or terminate the current favorable laws, regulations and policies, or that the PRC Government will introduce laws and policies that directly or indirectly discourage the development of the property management industry. Any such changes in the PRC governmental policies may adversely affect our business.

Our Business Mix

Our results of operations are affected by our business mix. During the Track Record Period, we operated three business lines, namely property management services, green living solutions and value-added services. Our profit margins vary across business lines and depend on types of products and services we offered under different contractual arrangements. In general, the gross profit margin of our value-added services are higher than that for our property management services and green living solutions. As a result, any change in the structure of revenue contribution from our three business lines may have a corresponding impact on our overall profit margin.

The following table sets forth the revenue contribution by business line and the respective gross profit margins for the periods indicated:

	Year ended December 31,									Four months ended April 30,					
	2017			2018			2019			2019			2020		
	Revenue	% to total revenue	Gross profit margin	Revenue	% to total revenue	Gross profit margin	Revenue	% to total revenue	Gross profit margin	Revenue	% to total revenue	Gross profit margin	Revenue	% to total revenue	Gross profit margin
	RMB'000	%	%	RMB'000	%	%	RMB'000	%	%	RMB'000 (Unaudited)	%	%	RMB'000	%	%
Property management services	157,740	41.6	25.4	202,401	40.8	25.0	272,818	43.7	26.8	79,095	38.8	23.6	93,147	41.4	27.8
Green living solutions	101,293	26.7	30.6	128,746	26.0	28.8	154,550	24.7	34.3	57,845	28.4	28.1	68,877	30.6	29.1
Value-added services	120,180	31.7	43.4	164,384	33.2	47.1	197,311	31.6	46.3	66,879	32.8	44.5	62,836	28.0	45.7
Total	**379,213**	**100.0**	**32.5**	**495,531**	**100.0**	**33.3**	**624,679**	**100.0**	**34.8**	**203,819**	**100.0**	**31.8**	**224,860**	**100.0**	**33.2**

Our GFA under Management

Our results of operations are affected by the amount of GFA under management. During the Track Record Period, we generated a total revenue of RMB379.2 million, RMB495.5 million, RMB624.7 million, RMB203.8 million and RMB224.9 million, among which revenue from our property management services amounted to RMB157.7 million, RMB202.4 million, RMB272.8 million, RMB79.1 million and RMB93.1 million, accounting for approximately 41.6%, 40.8%, 43.7%, 38.8% and 41.4% of our total revenue in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively. Accordingly, our revenue growth depends on our ability to maintain and grow our GFA under management, which in turn is affected by our ability to renew existing property management contracts and secure new property management contracts.

During the Track Record Period, we experienced a continual growth in our GFA under management, which amounted to approximately 7.1 million sq.m., 10.6 million sq.m., 13.7 million sq.m. and 15.0 million sq.m., respectively, as of December 31, 2017, 2018 and 2019 and April 30, 2020. GFA under management of projects sourced from the Modern Land Group and other associates of our Controlling Shareholders accounted for approximately 87.1%, 81.1%, 76.4% and 72.6% of our total GFA under management as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. We have been spending efforts to expand our property management services to projects sourced from third-party developers, in order to gain additional revenue sources and diversify our property management portfolio. We have been experiencing a steady growth in our GFA under management from projects sourced from third-party developers during the Track Record Period, which accounted for approximately 12.9%, 18.9%, 23.6% and 27.4%, respectively, of our total GFA under management as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. Our ability to manage an increasing number of projects sourced from third-party developers will complement our services provided to projects sourced from the Modern Land Group and drive the continuing growth of our revenue and profits.

Our Brand Positioning

We provide property management services and green living solutions that cover the full property life cycle. For each of the three years between 2018 and 2020, we were recognized by CIA as a "China Green Technology Innovative Property Management Enterprise" (中國綠色科技物業創新企業). We believe that our commitment to environmental protection sets us apart and sharpens our competitive edge, allowing us to rapidly expand during the Track Record Period. CIA has ranked us No. 31 among the 2020 Top 100 Property Management Companies in terms of overall strength, representing an upward movement of 45 places from our ranking of No. 76 in 2015. Furthermore, according to CIA, we achieved year-on-year growth in terms of GFA under management of 29.6% from 2018 to 2019, higher than the year-on-year growth of GFA under management of 15.1% for the Top 100 Property Management Companies. With our service portfolio, project experience and know-how, we believe we will continue to thrive from the PRC Government's directives for energy conservation and environmental protection. Failure to maintain our brand positioning may adversely affect our financial condition and results of operations.

Pricing of our Property Management Contracts

We generally price our property management services by taking into account a number of factors, including requirements under applicable laws and regulations, characteristics and locations of the properties, the contracted scope of services and expected quality standards, our local brand recognition and expected costs. In determining our pricing, we have to achieve a balance between pricing our projects sufficiently competitive while ensuring an attractive profit margin. Failure to balance various factors in determining our pricing could materially and adversely affect our financial condition and results of operations.

Our pricing could impact our results of operations. For illustrative purposes only, we set out below a sensitivity analysis of our profit for the year/period with reference to the fluctuation of our average property management fee during the Track Record Period. The following table demonstrates the impact of the hypothetical decrease in our average property management fee on our revenue and our profit, while all other factors remain unchanged:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year/period	41,845	52,941	83,862	17,376	16,489
Assuming 5% decrease in our average property management fee					
Decrease in revenue	(7,887)	(10,120)	(13,641)	(3,955)	(4,657)
Decrease in profit for the year/period	(5,915)	(7,590)	(10,231)	(2,966)	(3,492)
Assuming 10% decrease in our average property management fee					
Decrease in revenue	(15,774)	(20,240)	(27,282)	(7,910)	(9,315)
Decrease in profit for the year/period	(11,831)	(15,180)	(20,461)	(5,932)	(6,986)

Note:

(1) Impact on profit for the year/period was calculated under the assumption that EIT was 25.0% for the year/period.

Our Labor Costs and Subcontracting Costs

Our labor costs and subcontracting costs constitute a substantial portion of our operating costs. In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, our total labor costs and subcontracting costs in aggregate included in our costs of sales, selling expenses and administrative expenses accounted for approximately 55.7%, 54.8%, 56.0%, 52.7% and 49.6% of our total revenue for the respective periods. Our business is labor-intensive and the supply of experienced personnel in the market is limited. Competition in the labor market for personnel with related expertise and experience may increase the salary level and correspondingly, our costs associated with hiring and retaining them, which may in turn adversely affect our results of operations.

For illustration purpose only, the following table sets forth a sensitivity analysis of our profit for the year/period with reference to the fluctuation of our labor costs and subcontracting costs during the Track Record Period. The following table demonstrates the impact of the hypothetical increase in our total labor costs and subcontracting costs on our profit, with all other factors remain constant.

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year/period	41,845	52,941	83,862	17,376	16,489
Our total labor costs for the year/period	146,994	182,521	236,252	70,104	69,522
Our total subcontracting costs for the year/period	64,107	89,077	113,536	37,229	42,057
	211,101	271,598	349,788	107,333	111,579
Assuming 5% increase in our labor costs and subcontracting costs					
Decrease in profit before tax	(10,555)	(13,580)	(17,489)	(5,367)	(5,579)
Decrease in profit for the year/period	(7,916)	(10,185)	(13,117)	(4,025)	(4,184)
Assuming 10% increase in our labor costs and subcontracting costs					
Decrease in profit before tax	(21,110)	(27,160)	(34,979)	(10,733)	(11,158)
Decrease in profit for the year/period	(15,833)	(20,370)	(26,234)	(8,050)	(8,368)

Note:

(1) Impact on profit for the year/period was calculated under the assumption that EIT was 25.0% for the year/period.

Competition

The property management industry in the PRC is highly competitive. We primarily compete against other Top 100 Property Management Companies. Our ability to effectively compete with these competitors and maintain or improve our market position depends on our ability to differentiate us from our competitors in the industry through ensuring our service quality and consistency. In addition, we believe that our commitment to environmentalist values sets us apart and sharpens our competitive edge. Our ability to maintain our competitive position will affect our ability to source new and renew existing property management contracts and expand our number of property management projects. If we fail to source new and renew existing property management contracts and expand our GFA under management and services, the growth and profitability of our business may suffer.

KEY SOURCES OF ESTIMATION UNCERTAINTY

In the preparation of financial statements in conformity with IFRSs, we are required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Our Directors have confirmed that we did not experience any material deviations between our accounting estimates and actual results and did not materially change our accounting estimates during the Track Record Period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Our management does not expect any material changes in our accounting estimates in the foreseeable future.

The following are the key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities:

- **Expected credit losses for receivables.** The credit losses for our trade and other receivables are based on assumptions about risk of expected credit loss rates. We use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our history, existing market conditions as well as forward looking estimates at the end of each reporting period. Any changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future years.

- **Recognition of deferred tax assets.** We recognize deferred tax assets in respect of tax losses carried forward and deductible temporary differences based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, we estimate the expected taxable profits which involves a number of assumptions relating to our operating environment, which a significant level of judgment exercised by our Directors is required. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

- **Valuation of investment properties.** Investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidences of transaction prices, and where appropriate, the rental income allowing for reversionary income potential. In determining the fair value, the valuers have taken into consideration the market conditions existed at the end of each reporting period or where appropriate, a method of valuation where involves, inter alia, certain estimates including market prices, prevailing market rents for comparable properties in the same location and condition, appropriate discount rate and expected future market rents. In relying on the valuation report, the management has exercised their judgment and are satisfied that the method of valuation is reflective of the prevailing market conditions as of the end of each reporting period.

DESCRIPTION OF CERTAIN COMPONENTS OF OUR COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our combined statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	**379,213**	**495,531**	**624,679**	**203,819**	**224,860**
Cost of sales	(255,877)	(330,574)	(407,170)	(139,073)	(150,184)
Gross profit	**123,336**	**164,957**	**217,509**	**64,746**	**74,676**
Other income	16,359	17,040	33,479	8,640	10,463
Selling expenses	(1,235)	(1,686)	(8,128)	(2,301)	(2,250)
Administrative expenses	(82,141)	(108,125)	(135,822)	(50,304)	(60,299)
Finance costs	–	–	(154)	–	(141)
Share of profits of an associate	–	–	–	–	88
Share of loss of a joint venture	–	–	–	–	(3)
Profit before taxation	**56,319**	**72,186**	**106,884**	**20,781**	**22,534**
Income tax	(14,474)	(19,245)	(23,022)	(3,405)	(6,045)
Profit and total comprehensive income for the year/period	**41,845**	**52,941**	**83,862**	**17,376**	**16,489**
Attributable to:					
Equity shareholders of our Company	39,648	50,871	77,294	16,811	15,516
Non-controlling interests	2,197	2,070	6,568	565	973

Revenue

During the Track Record Period, we derived our revenue from the following three business lines:

- **Property management services**, comprising cleaning, security, gardening and repair and maintenance services provided to property developers, property owners and residents. Our property management services contributed approximately 41.6%, 40.8%, 43.7%, 38.8% and 41.4% of our total revenue in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively;

- **Green living solutions**, comprising (i) energy operation services, (ii) green technology consulting services, (iii) systems installation services, and (iv) sales of our AIRDINO systems provided to property developers, property owners and residents. Our green living solutions contributed approximately 26.7%, 26.0%, 24.7%, 28.4% and 30.6% of our total revenue in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively; and

- **Value-added services**, comprising (i) value-added services to non-property owners, including (a) sales assistance services and (b) preliminary planning and design consultancy services, such as on-site design consulting, construction stage inspection, sales assistance consulting and pre-delivery inspection, as well as (ii) community value-added services, including (a) parking space management services, (b) communal area leasing services and (c) home living services. Our value-added services contributed approximately 31.7%, 33.2%, 31.6%, 32.8% and 28.0% of our total revenue in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively.

Revenue by Business Line

The following table sets forth a breakdown of our total revenue by business line and customer type the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Property management services										
Modern Land Group	12,459	3.3	18,340	3.7	18,131	2.9	5,970	2.9	3,744	1.7
Other associates of our Controlling Shareholders[(1)]	5,538	1.5	10,160	2.1	14,812	2.4	3,554	1.8	2,733	1.2
Independent Third Parties[(2)]	139,743	36.8	173,901	35.0	239,875	38.4	69,571	34.1	86,670	38.5
Subtotal	157,740	41.6	202,401	40.8	272,818	43.7	79,095	38.8	93,147	41.4
Green living solutions										
Modern Land Group	10,190	2.7	23,061	4.7	34,997	5.6	11,573	5.7	11,799	5.2
Other associates of our Controlling Shareholders[(1)]	16,300	4.3	13,024	2.6	12,049	1.9	2,847	1.4	1,971	0.9
Independent Third Parties[(2)]	74,803	19.7	92,661	18.7	107,504	17.2	43,425	21.3	55,107	24.5
Subtotal	101,293	26.7	128,746	26.0	154,550	24.7	57,845	28.4	68,877	30.6
Value-added services[(3)]										
Modern Land Group	34,051	9.0	52,977	10.7	59,513	9.5	22,964	11.3	21,995	9.8
Other associates of our Controlling Shareholders[(1)]	19,010	5.0	20,369	4.1	34,339	5.5	10,448	5.1	8,702	3.9
Independent Third Parties[(2)]	67,119	17.7	91,038	18.4	103,459	16.6	33,467	16.4	32,139	14.3
Subtotal	120,180	31.7	164,384	33.2	197,311	31.6	66,879	32.8	62,836	28.0
Total	**379,213**	**100.0**	**495,531**	**100.0**	**624,679**	**100.0**	**203,819**	**100.0**	**224,860**	**100.0**

Notes:

(1) Refers to other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

(2) Refers to third-party developers, property owners and residents that are independent from our Controlling Shareholders.

(3) Includes value-added services provided to non-property owners, such as sales assistance services and preliminary planning and design consultancy services, as well as community value added services, such as parking space management services, communal area leasing services and home living services.

Property Management Services

Revenue generated from our property management services increased by approximately 28.3% from RMB157.7 million in 2017 to RMB202.4 million in 2018. This increase was primarily due to (i) the increase in our GFA under management by approximately 49.3% from 7.1 million sq.m. as of December 31, 2017 to 10.6 million sq.m. as of December 31, 2018, resulting from the increase in number of property management projects from 57 as of December 31, 2017 to 74 as of December 31, 2018, partially offset by (ii) the decrease in our average property management fee from RMB2.56 per sq.m. per month in 2017 to RMB2.45 per sq.m. per month in 2018, primarily due to the inclusion of certain new residential property management projects located at peripheral areas in Taiyuan and Xi'an in our property portfolio, which we charged at lower fee rates compared to our other projects.

Revenue generated from our property management services increased by approximately 34.8% from RMB202.4 million in 2018 to RMB272.8 million in 2019. This increase was primarily due to (i) the increase in our GFA under management by approximately 29.2% from 10.6 million sq.m. as of December 31, 2018 to 13.7 million sq.m. as of December 31, 2019, resulting from the increase in number of property management projects from 74 as of December 31, 2018 to 94 as of December 31, 2019, partially offset by (ii) the decrease in our average property management fee from RMB2.45 per sq.m. per month in 2018 to RMB2.37 per sq.m. per month in 2019 primarily due to the inclusion of certain new residential property management projects located at peripheral areas in Hefei and Taiyuan from 2019 and Xi'an from the second half of 2018 in our property portfolio, which we charged at lower fee rates compared with our other projects.

Revenue generated from our property management services increased by approximately 17.7% from RMB79.1 million for the four months ended April 30, 2019 to RMB93.1 million for the four months ended April 30, 2020. This increase was primarily due to (i) the increase in our GFA under management by approximately 37.6% from 10.9 million sq.m. as of April 30, 2019 to 15.0 million sq.m. as of April 30, 2020, resulting from the increase in number of property management projects from 74 as of April 30, 2019 to 99 as of April 30, 2020, partially offset by (ii) the decrease in our average property management fee from RMB2.37 per sq.m. per month for the four months ended April 30, 2019 to RMB2.32 per sq.m. per month for the four months ended April 30, 2020, primarily due to the expansion of our property management service business to cities including Taiyuan, Heze and Xingyi, which we charged at lower fee rates.

During the Track Record Period, we charged our property management services under two models, namely the lump sum basis and the commission basis. Our revenue generated from property management services was primarily derived from lump sum basis during the Track Record Period, which is also the dominant method of collecting property management fees in China, as it provides more incentive for us to implement cost-saving initiatives and improve operational efficiency. 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 our GFA under management as of the dates indicated, and revenue from our property management services by revenue model for the periods indicated:

	As of or for the year ended December 31,									As of or for the four months ended April 30,					
	2017			2018			2019			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.	RMB	%	sq.m.	RMB	%	sq.m.	RMB	%	sq.m.	RMB (Unaudited)	%	sq.m.	RMB	%
	(in thousands, except for percentages)														
Lump sum basis[1]	6,914	157,407	99.8	10,439	202,087	99.8	13,568	272,457	99.9	10,739	78,991	99.9	14,911	93,052	99.9
Commission basis	177	333	0.2	122	314	0.2	122	361	0.1	122	104	0.1	122	95	0.1
Total	**7,091**	**157,740**	**100.0**	**10,561**	**202,401**	**100.0**	**13,690**	**272,818**	**100.0**	**10,861**	**79,095**	**100.0**	**15,033**	**93,147**	**100.0**

Note:

(1) During the Track Record Period, we had eight projects which we agreed to manage on the commission basis under the original property management contracts. However, the revenue model in the original property management contracts with respect to these projects was impliedly amended and effectively changed from the commission basis to lump sum basis by virtue of the conduct of our Company and our customers. For more information, see "Business — Property Management Services — Property Management Fees".

We manage residential and non-residential properties, which non-residential properties primarily include office buildings, government facilities, hotels and shopping centers. During the Track Record Period, we mainly derived our revenue from the management of residential property projects. We expect the revenue from the management of residential properties to continue to be the major source of our revenue from property management services.

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

	As of or for the year ended December 31,									As of or for the four months ended April 30,					
	2017			2018			2019			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.	RMB	%	sq.m.	RMB	%	sq.m.	RMB	%	sq.m.	RMB (Unaudited)	%	sq.m.	RMB	%
	(in thousands, except for percentages)														
Residential properties	6,925	153,459	97.3	10,329	192,847	95.3	13,203	258,220	94.6	10,649	76,980	97.3	14,539	90,199	96.8
Non-residential properties	166	4,281	2.7	232	9,554	4.7	487	14,598	5.4	212	2,115	2.7	494	2,948	3.2
Total	**7,091**	**157,740**	**100.0**	**10,561**	**202,401**	**100.0**	**13,690**	**272,818**	**100.0**	**10,861**	**79,095**	**100.0**	**15,033**	**93,147**	**100.0**

During the Track Record Period, we derived our revenue from property management services for the projects sourced from Modern Land Group, other associates of our Controlling Shareholders and third-party developers. Our revenue generated from property management services was primarily derived from properties projects sourced from Modern Land Group and other associates of our Controlling Shareholders, which accounted for approximately 94.7%, 90.1%, 85.0% and 84.4% of our total property management service revenue in 2017, 2018 and 2019 and the four months ended April 30, 2020, respectively. With our continuous efforts to expand our property management services to projects sourced from third-party developers, our total property management service revenue from projects sourced from Modern Land Group and other associates of our Controlling Shareholders experienced a decrease throughout the Track Record Period.

The following table sets forth our GFA under management as of the dates indicated, and revenue from our property management services for the periods indicated, by project source:

	As of or for the year ended December 31,									As of or for the four months ended April 30,					
	2017			2018			2019			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.	RMB	%	sq.m.	RMB	%	sq.m.	RMB	%	sq.m.	RMB (Unaudited)	%	sq.m.	RMB	%
	(in thousands, except for percentages)														
Modern Land Group	5,567	137,892	87.4	6,797	161,491	79.8	8,734	200,467	73.5	6,854	58,055	73.4	9,685	72,902	78.3
Other associates of our Controlling Shareholders(1)	610	11,474	7.3	1,767	20,882	10.3	1,728	31,449	11.5	1,700	8,697	11.0	1,230	5,667	6.1
Third-party developers	914	8,374	5.3	1,997	20,028	9.9	3,228	40,902	15.0	2,307	12,343	15.6	4,118	14,578	15.6
Total	**7,091**	**157,740**	**100.0**	**10,561**	**202,401**	**100.0**	**13,690**	**272,818**	**100.0**	**10,861**	**79,095**	**100.0**	**15,033**	**93,147**	**100.0**

Note:

(1) Includes projects sourced from other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

Since the commencement of our business in 1999, we have expanded our geographic presence for GFA under management from Beijing to 24 cities across 15 provinces/municipalities in China as of April 30, 2020. The following table sets forth a breakdown of our GFA under management as of the dates indicated, and our total revenue from property management services by province and municipality for the periods indicated:

	As of or for the year ended December 31,									As of or for the four months ended April 30,					
	2017			2018			2019			2019			2020		
	GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue		GFA	Revenue	
	sq.m.	RMB	%	sq.m.	RMB	%	sq.m.	RMB	%	sq.m.	RMB (Unaudited)	%	sq.m.	RMB	%
	(in thousands, except for percentages)														
Beijing municipality	1,733	61,324	38.9	1,744	68,507	33.8	1,973	90,336	33.1	1,839	24,954	31.5	1,973	25,227	27.1
Hunan province	1,813	35,414	22.5	2,327	40,997	20.3	2,474	50,773	18.6	2,327	16,385	20.7	2,421	17,205	18.5
Shanxi province	520	18,923	12.0	1,140	23,025	11.4	1,533	29,537	10.8	1,140	8,941	11.3	1,735	11,031	11.8
Hubei province	873	13,960	8.9	1,044	16,425	8.1	1,879	21,535	7.9	1,044	6,692	8.5	1,879	9,723	10.4
Jiangxi province	1,169	19,683	12.5	1,169	22,251	11.0	1,169	25,183	9.2	1,169	8,733	11.0	1,169	8,052	8.6
Anhui province	189	1,771	1.1	650	6,633	3.3	986	12,236	4.5	650	3,043	3.8	986	5,034	5.4
Jiangsu province	74	351	0.2	287	4,215	2.1	395	9,109	3.3	287	2,351	3.0	403	3,848	4.1
Liaoning province	149	383	0.2	149	2,711	1.3	718	4,799	1.8	365	1,240	1.6	718	3,364	3.6
Shanghai municipality	365	3,048	1.9	440	10,412	5.1	440	14,676	5.4	440	3,094	3.9	440	3,243	3.5
Guangdong province	–	–	–	198	395	0.2	494	3,162	1.2	198	440	0.6	494	2,418	2.6
Shaanxi province	206	2,883	1.8	1,222	6,457	3.2	1,211	8,542	3.1	1,211	2,874	3.6	1,211	1,957	2.1
Others(1)	–	–	–	191	373	0.2	418	2,930	1.1	191	348	0.5	1,604	2,045	2.3
Total	**7,091**	**157,740**	**100.0**	**10,561**	**202,401**	**100.0**	**13,690**	**272,818**	**100.0**	**10,861**	**79,095**	**100.0**	**15,033**	**93,147**	**100.0**

Note:

(1) Other provinces include Guizhou province, Hebei province, Shandong province and Zhejiang province.

Green living solutions

During the Track Record Period, we primarily provided four categories of green living solution services to property developers, property owners and residents, namely (i) energy operation services, (ii) systems installation services, (iii) green technology consulting services, and (iv) sales of our AIRDINO systems. Among the four categories, our energy operation services contributed a majority of our total revenue from green living solutions and accounted for approximately 70.9%, 65.1%, 57.4%, 70.7% and 69.4% of our total revenue from green living solutions in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively.

The following table sets forth our revenue from green living solutions by service category for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Energy operation services	71,805	70.9	83,780	65.1	88,756	57.4	40,882	70.7	47,813	69.4
Systems installation services	7,311	7.2	21,253	16.5	34,278	22.2	6,104	10.6	11,072	16.1
Green technology consulting services	13,922	13.7	13,119	10.2	19,484	12.6	6,657	11.5	7,414	10.8
Sales of AIRDINO systems	8,255	8.2	10,594	8.2	12,032	7.8	4,202	7.2	2,578	3.7
Total	**101,293**	**100.0**	**128,746**	**100.0**	**154,550**	**100.0**	**57,845**	**100.0**	**68,877**	**100.0**

Revenue generated from our green living solution services increased by approximately 27.0% from RMB101.3 million in 2017 to RMB128.7 million in 2018. This increase was primarily due to (i) the increase in revenue generated from energy operation services as a result of the increase in GFA under energy operation from 4.0 million sq.m. as of December 31, 2017 to 4.3 million sq.m. as of December 31, 2018, and (ii) the increase in revenue generated from systems installation services as we strategically targeted projects that were larger in scale which we believe could better utilize our resources. We performed a same number of projects of 17 in both 2017 and 2018 but the number of projects with contract price below RMB1.0 million decreased significantly from 14 in 2017 to six in 2018.

Revenue generated from our green living solutions increased by approximately 20.1% from RMB128.7 million in 2018 to RMB154.6 million in 2019. This increase was primarily due to (i) the increase in revenue generated from systems installation services as a result of the increase in number of relevant projects from 17 in 2018 to 28 in 2019, (ii) the increase in revenue generated from green technology consulting services as a result of the increase in number of relevant projects from 27 in 2018 to 46 in 2019, and (iii) the increase in revenue generated from energy operation services from RMB83.8 million in 2018 to RMB88.8 million in 2019 as a result of the increase in GFA under energy operation from 4.3 million sq.m. in 2018 to 4.8 million sq.m. in 2019.

Revenue generated from our green living solution services increased by approximately 19.2% from RMB57.8 million for the four months ended April 30, 2019 to RMB68.9 million for the four months ended April 30, 2020. This increase was primarily due to (i) the increase in revenue generated from energy operation services as a result of the increase in GFA under energy operation from 4.3 million sq.m. as of April 30, 2019 to 4.6 million sq.m. as of April 30, 2020, and (ii) the increase in revenue generated from our systems installation services as a result of the increase in number of relevant projects from seven for the four months ended April 30, 2019 to 20 for the four months ended April 30, 2020.

Value-Added Services

During the Track Record Period, we primarily provided five types of value-added services to non-property owners, property owners and residents, namely (i) sales assistance services, (ii) parking space management services, (iii) home living services, (iv) communal area leasing services, and (v) preliminary planning and design consultancy services.

The following table sets forth our revenue from value-added services by service type for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Value-added services to non-property owners										
Sales assistance services	48,472	40.3	70,642	43.0	91,541	46.4	33,357	49.9	32,875	52.3
Preliminary planning and design consultancy services	4,830	4.0	6,824	4.2	8,904	4.5	877	1.3	2,149	3.4
Subtotal	53,302	44.3	77,466	77.2	100,445	50.9	34,234	51.2	35,024	55.7
Community value-added services										
Parking space management services	28,609	23.8	38,873	23.6	46,317	23.5	13,240	19.8	14,305	22.8
Home living services	22,087	18.4	32,082	19.5	32,253	16.3	14,560	21.8	10,780	17.2
Communal area leasing services	16,182	13.5	15,963	9.7	18,296	9.3	4,845	7.2	2,727	4.3
Subtotal	66,878	55.7	86,918	22.8	96,866	49.1	32,645	48.8	27,812	44.3
Total	**120,180**	**100.0**	**164,384**	**100.0**	**197,311**	**100.0**	**66,879**	**100.0**	**62,836**	**100.0**

Revenue generated from our value-added services increased by approximately 36.8% from RMB120.2 million in 2017 to RMB164.4 million in 2018. This increase was primarily due to (i) the increase in revenue from sales assistance services as a result of the increase in number of sales and leasing offices we serviced from 33 in 2017 to 63 in 2018, and (ii) the increase in revenue from parking space management services as a result of the increase in number of property management projects where we were engaged to manage the carpark facilities from 50 in 2017 to 64 in 2018.

Revenue generated from our value-added services increased by approximately 20.0% from RMB164.4 million in 2018 to RMB197.3 million in 2019. This increase was primarily due to (i) the increase in revenue from sales assistance services as a result of the increase in number of sales and leasing offices we serviced from 63 in 2018 to 93 in 2019, and (ii) the increase in revenue from parking space management services as a result of the increase in number of property management projects where we were engaged to manage the carpark facilities from 64 in 2018 to 86 in 2019.

Revenue generated from our value-added services decreased by approximately 6.1% from RMB66.9 million for the four months ended April 30, 2019 to RMB62.8 million for the four months ended April 30, 2020. This decrease was primarily due to the decrease in our home living services and communal area leasing services affected by the outbreak of novel coronavirus. During the four months ended April 30, 2020, certain of our services, including our tailored repair and maintenance services and sales assistance services, were disrupted amid quarantine as a result of the outbreak of novel coronavirus. Despite an increase in the number of sales and leasing offices we serviced from 70 for the four months ended April 30, 2019 to 92 for the four months ended April 30, 2020, revenue from sales assistance services decreased slightly from RMB33.4 million for the four months ended April 30, 2019 to RMB32.9 million for the four months ended April 30, 2020, primarily due to the temporary closure of 35 projects during the period which we were only required to provide a minimum number of staff for general upkeep and maintenance such that we earned smaller revenue as compared to providing full sales assistance services.

Cost of Sales

Cost of Sales by Expense Nature

Our cost of sales primarily consist of (i) labor costs, (ii) subcontracting charges, (iii) utility expenses, (iv) repair and maintenance expenses, (v) materials and consumables, (vi) cleaning, gardening and security expenses, (vii) cost of inventories sold and (viii) others. The following table sets forth a breakdown of our cost of sales for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Labor costs	88,013	34.4	107,960	32.7	142,738	35.1	44,405	31.9	49,592	33.0
Subcontracting charges	64,107	25.1	89,077	26.9	113,536	27.9	37,229	26.8	42,057	28.0
Utility expenses	69,866	27.3	77,283	23.4	81,625	20.0	37,716	27.1	38,662	25.7
Repair and maintenance expenses	17,386	6.8	19,973	6.0	27,496	6.8	6,704	4.8	5,802	3.9
Materials and consumables	3,049	1.2	12,400	3.8	15,358	3.8	3,398	2.4	2,557	1.7
Cleaning, gardening and security expenses	7,372	2.9	13,203	4.0	15,203	3.7	3,841	2.8	4,221	2.8
Cost of inventories	5,176	2.0	6,477	2.0	6,962	1.7	2,909	2.1	1,287	0.9
Others[(1)]	908	0.3	4,201	1.2	4,252	1.0	2,871	2.1	6,006	4.0
Total	**255,877**	**100.0**	**330,574**	**100.0**	**407,170**	**100.0**	**139,073**	**100.0**	**150,184**	**100.0**

Note:

(1) Others include energy operation expenses, insurance, depreciation and amortization in relation to our equipment and customer relationships and miscellaneous expenses.

Our cost of sales increased by approximately 29.2% from RMB255.9 million in 2017 to RMB330.6 million in 2018 primarily due to the increase in our labor costs, subcontracting charges and material and consumables as a result of our business expansion. Our cost of sales increased by approximately 23.2% from RMB330.6 million in 2018 to RMB407.2 million in 2019, primarily due to the increase in labor costs, subcontracting charges and repair and maintenance as a result of our business expansion. Our cost of sales increased by approximately 8.0% from RMB139.1 million for the four months ended April 30, 2019 to RMB150.2 million for the four months ended April 30, 2020, primarily due to (i) the increase in our labor costs and subcontracting charges as a result of our business expansion and (ii) the increase in others as a result of the increase in energy operation expenses upon the expansion of our green living solution business.

We do not involve significant fixed costs in our cost of sales in relation to the provision of our services and sale of our AIRDINO systems. During the Track Record Period, fixed costs recorded in our cost of sales only consisted of immaterial depreciation and amortization expenses, which accounted for less than 0.1% of our total costs of sales for each of the periods during the Track Record Period. We therefore consider substantially all of our cost of sales for the Track Record Period were direct costs and would generally increase as a result of an increase in our total GFA under management and number of projects. For illustrative purposes only, assuming 10% increase in our depreciation and amortization expenses during the Track Record Period, while keeping all other factors unchanged, our gross profit margin would remained the same in 2017, 2018, 2019 and the four months ended April 30, 2020 as a result.

The increase in our cost of sales throughout the Track Record Period was generally in line with the increase in our total revenue.

Cost of Sales by Business Line

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

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Property management services	117,620	46.0	151,895	45.9	199,598	49.0	60,403	43.4	67,258	44.8
Green living solutions	70,255	27.5	91,674	27.7	101,603	25.0	41,584	29.9	48,820	32.5
Value-added services	68,002	26.5	87,005	26.4	105,969	26.0	37,086	26.7	34,106	22.7
Total	**255,877**	**100.0**	**330,574**	**100.0**	**407,170**	**100.0**	**139,073**	**100.0**	**150,184**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020 amounted to RMB123.3 million, RMB165.0 million, RMB217.5 million, RMB64.7 million and RMB74.7 million, respectively, and during the same periods we recorded gross profit margins of 32.5%, 33.3%, 34.8%, 31.8% and 33.2%, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Property management services	40,120	25.4	50,506	25.0	73,220	26.8	18,692	23.6	25,889	27.8
Green living solutions	31,038	30.6	37,072	28.8	52,947	34.3	16,261	28.1	20,057	29.1
Value-added services	52,178	43.4	77,379	47.1	91,342	46.3	29,793	44.5	28,730	45.7
– Value-added services to non-property owners	16,614	31.2	26,293	33.9	30,610	30.5	10,441	30.5	11,446	32.7
– Community value-added services	35,564	53.2	51,086	58.8	60,732	62.7	19,352	59.3	17,284	62.1
Total/Overall	**123,336**	**32.5**	**164,957**	**33.3**	**217,509**	**34.8**	**64,746**	**31.8**	**74,676**	**33.2**

Property Management Services

The gross profit margins of our property management services depend primarily on the type of contractual arrangements of the services we rendered. During the Track Record Period, we charged our property management fee mainly under a lump sum basis, under which our gross profit margin was mainly affected by the pricing of our property management fees and the cost management initiatives we implemented.

The gross profit margin of our property management services remained stable at 25.4% and 25.0% in 2017 and 2018, respectively. The gross profit margin of our property management services increased from 25.0% in 2018 to 26.8% in 2019 in spite of a decrease in our average property management fee, which was primarily due to the increased economies of scale upon the delivery of multiple phases of the same properties, which we generated more revenue from the same project while the associated staff costs and other services costs remained relatively stable. The gross profit margin of our property management services increased from 23.6% for the four months ended April 30, 2019 to 27.8% for the four months ended April 30, 2020, which was primarily due to the increased economies of scale.

The following table sets forth our average property management fee by project source for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	(RMB per sq.m. per month)				
Modern Land Group	2.64	2.63	2.57	2.56	2.53
Other associates of our Controlling Shareholders [(1)]	2.91	2.42	2.10	2.04	2.07
Third-party developers	1.58	1.69	2.00	2.00	1.89
Overall	2.56	2.45	2.37	2.37	2.32

Note:

(1) Includes projects sourced from other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

During the Track Record Period, our average property management fee for projects sourced from third-party developers was generally lower than those sourced from Modern Land Group and other associates of our Controlling Shareholders, primarily affected by the type and age of the respective property projects. In 2017 and 2018, we recorded a relatively low average property management fee for projects sourced from third-party developers of RMB1.58 per sq.m. per month and RMB1.69 per sq.m. per month, respectively, mainly attributable to (i) certain projects taken over from other property management companies in 2016 and 2017 which had a relatively long history of over ten years; and (ii) certain first hand property management projects that were located in sub-central area of Changsha and Xi'an. In 2019, the average property management fee for projects sourced from third-party developers increased to RMB2.00 per sq.m. per month, primarily as we sourced two new property management projects which had higher property management fee rates, one of which was a residential property project located in Beijing and the other was a commercial property project. The average property management fee for projects sourced from third-party developers decreased to RMB1.89 per sq.m. per month for the four months ended April 30, 2020, primarily due to the inclusion of two new property management projects located in Taiyuan and Heze during the period, where the fee rates were generally lower. In 2017, we had a higher average property management fee attributable to projects sourced from other associates of our Controlling Shareholders of RMB2.91 per sq.m. per month, primarily as we provided services to a commercial property project in relation to the management of shared office located in Xi'an which had a higher property management fee rate. The average property management fee attributable to projects sourced from other associates of our Controlling Shareholders decreased to RMB2.42 per sq.m. per month in 2018 and further to RMB2.10 per sq.m. per month in 2019, mainly due to the inclusion of a new residential property project located in Xi'an with GFA under management of 0.9 million sq.m. that had a lower property management fee rate in the second half of 2018.

The following table sets forth a breakdown of our gross profit and gross profit margin of our property management services by project source for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Modern Land Group	35,735	25.9	41,525	25.7	56,456	28.2	14,391	24.8	21,194	29.1
Other associates of our Controlling Shareholders(1)	2,702	23.5	4,936	23.6	7,874	25.0	1,769	20.3	1,507	26.6
Third-party developers	1,683	20.1	4,045	20.2	8,890	21.7	2,532	20.5	3,188	21.9
Gross profit/overall gross profit margin	**40,120**	**25.4**	**50,506**	**25.0**	**73,220**	**26.8**	**18,692**	**23.6**	**25,889**	**27.8**

Note:

(1) Includes projects sourced from other associates of our Controlling Shareholders (excluding Modern Land Group), namely Modern Investment Group and Super Land Group.

Our gross profit margin for projects sourced from third-party developers were generally lower than that of the projects sourced from Modern Land Group and other associates of our Controlling Shareholders during the Track Record Period, primarily as (i) we incurred higher initial costs in relation to community facilities upgrade for certain of our projects taken over from other property management companies in 2017, 2018 and 2019. Depending on the needs of the respective projects, we performed different types of community facilities upgrade, among other things, major repair and replacement of elevators and other public facilities, public area renovation, driveway transformation and landscape transformation and incurred incremental costs for these upgrades as these projects were of relatively long history as compared to our projects sourced from our Controlling Shareholders. We generally did not incur such incremental costs for community facilities upgrade for projects sourced from Controlling Shareholders as such projects were mainly newly developed property projects. In 2017, 2018 and 2019, we incurred initial costs for facilities upgrade which accounted for approximately 3.5%, 2.4% and 2.0% of the total cost of sales of our property management services for the projects sourced from third-party developers in 2017, 2018 and 2019, respectively; and (ii) we incurred loss or attained low profit margin for certain projects sourced from third-party developers for strategic expansion purposes in 2018, 2019 and the four months ended April 30, 2020 that we managed only a relatively small area at the early stage of our management leading to difficulties in achieving efficiency. As of the Latest Practicable Date, the GFA under management of such projects increased subsequently after the Track Record Period upon the delivery of more GFA and we expect to manage a further larger area upon the delivery of more GFA such that we will be able to achieve better cost efficiency and economies of scale.

Green Living Solutions

The gross profit margin of our green living solution services depends primarily on the types of services we rendered to our customers. Our green technology consulting services usually carried a higher gross profit margin.

The following table sets forth a breakdown of our gross profit and gross profit margin of our green living solutions business by service line for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Energy operation services	16,453	22.9	20,496	24.5	24,311	27.4	9,281	22.7	12,694	26.6
Systems installation services	1,271	17.4	3,789	17.8	8,467	24.7	630	10.3	1,113	10.1
Green technology consulting services	10,235	73.5	8,669	66.1	15,149	77.8	5,057	76.0	4,959	66.9
Sales of AIRDINO systems	3,079	37.3	4,118	38.9	5,020	41.7	1,293	30.8	1,291	50.1
Total/Overall	31,038	30.6	37,072	28.8	52,947	34.3	16,261	28.1	20,057	29.1

The gross profit margin of our green living solution services decreased slightly from 30.6% in 2017 to 28.8% in 2018, which was primarily due to the decrease in gross profit margin of our green technology consulting services resulting from the increase in staff costs outpaced the increase in our revenue generated from green technology services as we employed more engineers in providing such services in 2018 in anticipation of the expansion of our consulting services in 2019. The number of engineers increased from nine in 2017 to 17 in 2018 and the average revenue generated by engineer, calculated by the revenue from green technology consulting services divided by the number of engineers employed as of the end of the year, decreased from RMB1,547 in 2017 to RMB772 in 2018.

The gross profit margin of our green living solutions increased from 28.8% in 2018 to 34.3% in 2019, which was primarily due to (i) the increase in gross profit margin of our systems installation services as a result of our undertaking of projects with higher gross profit margins in relation to weak current engineering and intelligent building systems; and (ii) the increase in gross profit margin of our green technology consulting services as the number of projects to which we provided such services increased in a greater extent than the corresponding staff costs during the year.

The gross profit margin of our green living solution services remained stable at 28.1% and 29.1% for the four months ended April 30, 2019 and 2020, respectively, which was the combined effect of (i) the increase in gross profit margin of our energy operation services primarily due to the decrease in utility costs as a result of the electricity and fuel subsidy in Shanxi and Hubei during the period due to the outbreak of novel coronavirus; (ii) increase in gross profit margin of our sales of AIRDINO systems primarily due to the decrease in production costs of our AIRDINO systems benefited from the new production agreements signed in mid 2019. Our management negotiated lower production costs for our AIRDINO systems primarily due to the increase in expected production quantity; and (iii) the decrease in gross profit margin of our green technology consulting services primarily due to extra subcontracting services incurred for certain professional certification work.

The gross profit margin of our green living solutions decreased from 34.3% in 2019 to 29.1% for the four months ended April 30, 2020, which was the combined effect of (i) the decrease in gross profit margin of our systems installation services as we mainly engaged in projects involving a simpler scope during the period that were of lower margin as compared to the weak current engineering and intelligent building systems projects that were of higher profit margin; and (ii) the increase in gross profit margin of the sales of our AIRDINO systems primarily due to the decrease in production costs benefited from the new production arrangement with our supplier signed in mid-2019.

Value-Added Services

The gross profit margin of our value-added services depends primarily on the mix of our value-added services we provided. We offer a wide range of value-added services at different pricing terms with different cost structures. Accordingly, the changes in our service mix have a strong impact on our gross profit margin.

The gross profit margin of our value-added services increased from 43.4% in 2017 to 47.1% in 2018, primarily as we engaged more subcontracting labor in providing our services. The gross profit margin of our value-added services remained relatively stable at 47.1% and 46.3% in 2018 and 2019, respectively, and at 44.5% and 45.7% for the four months ended April 30, 2019 and 2020, respectively.

In general, the gross profit margin of our community value-added services are higher than that for our value-added services to non-property owners, primarily as our community value-added services, including parking space management services, home living services and communal area leasing services, are generally less labor intensive than the value-added services to non-property owners and thus incurred lower costs. The gross profit margin of our value-added services to non-property owners remained relatively stable at 31.2%, 33.9%, 30.5%, 30.5% and 32.7% in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively. The gross profit margin of our community value-added services increased throughout the Track Record Period from 53.2% in 2017 to 58.8% in 2018 and further to 62.7% in 2019 and increased from 59.3% for the four months ended April 30, 2019 to 62.1% for the four months ended April 30, 2020, which was primarily due to the greater economies of scale as a result of the expansion of our business.

Other Income

Our other income primarily consists of (i) interest income from cash at bank and loan receivables from third parties, (ii) government grants, (iii) net realized gains on financial assets measured at fair value through profit or loss ("**FVPL**"), (iv) net valuation gains on other financial assets, (v) fair value gain of investment properties, (vi) net valuation losses/gains on financial assets measured at FVPL, (vii) net losses/gains on disposal of property, plant and equipment, (viii) loss on disposal of a subsidiary, and (ix) others, which mainly include compensation received and other miscellaneous income. The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest income	4,564	11,835	15,347	4,081	4,005
Government grants[1]	7,801	6,298	10,564	3,571	4,712
Net realized gains on financial assets measured at FVPL	3,421	2,473	2,664	344	1,255
Net valuation gains on other financial assets	123	–	–	–	–
Fair value gain of investment properties	–	–	2,266	–	127
Net valuation (losses)/gains on financial assets measured at FVPL	(175)	(2,716)	2,133	591	–
Net (losses)/gains on disposal of property, plant and equipment	(32)	(11)	383	9	441
Loss on disposal of subsidiaries	–	(1,103)	–	–	(176)
Others	657	264	122	44	99
Total	**16,359**	**17,040**	**33,479**	**8,640**	**10,463**

Note:

(1) Includes subsidies granted to some of our subsidiaries in relation to our green living solutions business, tax subsidies for subsidiaries that are qualified as "High and New Technology Enterprise" (高新技術企業) and the awards for our services achievements in Shanghai.

Our other income remained relatively stable at RMB16.4 million and RMB17.0 million in 2017 and 2018, respectively, which was the combined effect of (i) the increase in interest income from RMB4.6 million in 2017 to RMB11.8 million in 2018 primarily as a result of a new short-term loan made to a third party in 2018, which carried interest rate at 10% per annum; (ii) the decrease in government grants from RMB7.8 million in 2017 to RMB6.3 million in 2018;

(iii) the decrease in net realized gains on financial assets measured at FVPL from RMB3.4 million in 2017 to RMB2.5 million; (iv) the increase in net valuation losses on financial assets measured at fair value through profit or loss from RMB0.2 million in 2017 to RMB2.7 million in 2018; and (v) the loss on disposal of a subsidiary incurred in 2018 arising from the disposal of Beijing Caihong Ruifeng Moving Company Limited (北京彩虹瑞鋒搬家有限責任公司) ("**Caihong Ruifeng**") at a consideration of RMB0.1 million to an Independent Third Party. Caihong Ruifeng was not financially significant to our Group.

Our other income increased by approximately 97.1% from RMB17.0 million in 2018 to RMB33.5 million in 2019, which was primarily due to (i) the increase in interest income from RMB11.8 million in 2018 to RMB15.3 million in 2019 primarily as a result of the new short-term loan made to a third party of RMB70.0 million in 2019, which carried interest rate at 10% per annum, (ii) the increase in government grants from RMB6.3 million in 2018 to RMB10.6 million in 2019.

Our other income increased by approximately 22.1% from RMB8.6 million for the four months ended April 30, 2019 to RMB10.5 million for the four months ended April 30, 2020, which was primarily due to (i) the increase in government grants from RMB3.6 million for the four months ended April 30, 2019 to RMB4.7 million for the four months ended April 30, 2020; and (ii) the increase in net realized gains on financial assets measured at fair value through profit or loss from RMB0.3 million for the four months ended April 30, 2019 to RMB1.3 million for the four months ended April 30, 2020.

During the Track Record Period, we entered into certain loan arrangements with third parties for treasury management purposes. As of the Latest Practicable Date, all of the entrusted loan receivables were fully repaid and our Directors confirmed that we do not intend to enter into any new loan arrangements with third party borrowers going forward. For more information on the loan receivables, see "— Description of Certain Items in our Combined Statements of Financial Position — Loan Receivables" in this section.

During the Track Record Period, we invested in certain financial assets measured at fair value through profit or loss and other financial assets, which include our investments in private funds, wealth management products and others, for treasury management purposes. Due to the change in fair value of these financial assets, we recognized net realized gains of RMB3.4 million, RMB2.5 million, RMB2.7 million and RMB1.3 million in 2017, 2018 and 2019 and the four months ended April 30, 2020, respectively; and net valuation losses of RMB52,000 and RMB2.7 million in 2017 and 2018, respectively, and net valuation gains of RMB2.1 million in 2019. As of the Latest Practicable Date, we had exited all of our investments in private funds and others and do not intend to invest in these products going forward. As of December 31, 2019 and April 30, 2020, we had investment in wealth management products amounted to RMB49.0 million and RMB129.5 million, respectively, and we will continue to invest in wealth management products that are principal-protected or low risks as part of our treasury management strategy. For more information on our financial assets measured at FVPL and our internal control policies over our investments, see "— Description of Certain Items in our Combined Statements of Financial Position — Financial Assets Measured at Fair Value Through Profit or Loss and Other Non-Current Financial Assets" in this section.

Selling Expenses

Our selling expenses primarily consist of staff costs of our sales personnel. Our selling expenses increased from RMB1.2 million in 2017 to RMB1.7 million in 2018 and further increased to RMB8.1 million for the year ended December 31, 2019, which was primarily attributable to the increase in headcount of our sales personnel and salary increment. Our selling expenses remained stable at RMB2.3 million and RMB2.3 million for the four months ended April 30, 2019 and 2020, respectively.

Administrative Expenses

Our administrative expenses primarily consist of (i) salaries and allowances for our administrative and management personnel, (ii) impairment loss on financial assets, (iii) research and development expenses, (iv) traveling and entertainment expenses, (v) cultural activity expenses, (vi) office expenses, (vii) legal and professional fee, (viii) depreciation and amortization, (ix) rent and management fee, (x) listing expenses, and (xi) others. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the ended December 31,						Four months ended April 30,			
	2017		2018		2019		2019		2020	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Salaries and allowances	55,682	67.8	71,051	65.7	82,487	60.7	31,571	62.8	33,430	55.4
Impairment loss on financial assets	3,728	4.5	4,771	4.4	10,303	7.6	6,437	12.8	5,692	9.4
Research and development expenses	2,984	3.6	4,276	4.0	7,551	5.6	1,596	3.2	452	0.8
Traveling and entertainment expenses	3,074	3.7	5,193	4.8	7,076	5.2	2,044	4.1	1,699	2.8
Cultural activity expenses	2,712	3.3	3,283	3.0	5,438	4.0	1,676	3.3	1,298	2.2
Office expenses	3,421	4.2	4,754	4.4	5,117	3.8	2,008	4.0	1,594	2.6
Legal and professional fee	3,566	4.3	6,171	5.7	3,571	2.6	2,596	5.2	2,360	3.9
Depreciation and amortization	1,487	1.8	2,133	2.0	3,014	2.2	1,068	2.1	1,340	2.2
Rent and management fee	1,029	1.3	1,416	1.3	2,515	1.9	527	1.0	1,663	2.8
Listing expenses	–	–	–	–	981	0.7	–	–	10,260	17.0
Others[(1)]	4,458	5.5	5,077	4.7	7,769	5.7	781	1.5	511	0.9
Total	**82,141**	**100.0**	**108,125**	**100.0**	**135,822**	**100.0**	**50,304**	**100.0**	**60,299**	**100.0**

Note:

(1) Others include bank charges, telecommunication expenses and insurance expenses.

Our administrative expenses increased by approximately 31.7% from RMB82.1 million in 2017 to RMB108.1 million in 2018, primarily attributable to the increase in salaries and allowance mainly as a result of the increase in headcount and salary increment, and the increase in legal and professional fee arising from the listing of First Living on the NEEQ in 2018.

Our administrative expenses increased by approximately 25.6% from RMB108.1 million in 2018 to RMB135.8 million in 2019, primarily attributable to (i) the increase in salaries and allowance mainly as a result of the increase in headcount and salary increment, (ii) the increase in impairment loss on financial assets mainly as a result of the increase in impairment loss on our trade receivables in respect of our property management services, which was primarily due to (i) our increased trade receivables as a result of our business expansion in general, and (ii) our increased trade receivables from certain property management projects taken over from other property management companies in 2019 which had a lower collection rate. For an analysis of our trade receivables, see "— Description of Certain Items in our Combined Statements of Financial Position — Trade and Other Receivables — Trade Receivables" in this section, and (iii) the increase in cultural activity expenses as a result of the increase in number of our property management projects.

Our administrative expenses increased by approximately 19.9% from RMB50.3 million for the four months ended April 30, 2019 to RMB60.3 million for the four months ended April 30, 2020, primarily attributable to (i) the increase in listing expenses incurred, and (ii) the increase in salaries and allowances as a result of the salary increment, partially offset by the decrease in headcount upon the streamline of our management structure.

Income Tax

Our income tax consists of current tax and deferred tax. The following table sets forth a breakdown of our income tax for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current tax					
PRC Corporate Income Tax	15,786	21,139	26,126	7,437	7,214
Deferred tax	(1,312)	(1,894)	(3,104)	(4,032)	(1,169)
Total	**14,474**	**19,245**	**23,022**	**3,405**	**6,045**

In 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, we incurred income tax of RMB14.5 million, RMB19.2 million, RMB23.0 million, RMB3.4 million and RMB6.0 million, respectively.

During the Track Record Period, our provision for PRC Corporate Income Tax was calculated at 25% of the estimated assessable profits for the year, except for (i) certain subsidiaries which were approved as High and New Technology Enterprise and registered with the local tax authority to be eligible for the reduced Corporate Income Tax rate of 15%; (ii) certain subsidiaries which were approved as Small Low-profit Enterprises and were subject to a preferential income tax rate of 10%; and (iii) a subsidiary which was entitled to two-year EIT exemptions followed by three-year 50% EIT reduction starting from its first profit-making year.

Our effective tax rates, calculated as our income tax divided by our profit before tax, were approximately 25.7%, 26.7%, 21.5%, 16.4% and 26.8% in 2017, 2018 and 2019 and the four months ended April 30, 2019 and 2020, respectively. Our effective income tax rate for the year ended December 31, 2019 was slightly lower than the EIT rate of 25.0%, primarily due to the increase in taxable profit contributed by the subsidiaries approved as High and New Technology Enterprise which enjoyed a lower tax rate of 15% and a subsidiary which was entitled to an EIT exemption during the year. For the four months ended April 30, 2019, the low effective tax rate was mainly attributable to the profit generated by the subsidiary that entitled to EIT exemption. For the four months ended April 30, 2020, such subsidiary that entitled to EIT exemption incurred a loss and had contributed to the increase in overall effective tax rate during the same period. For more information, see "Appendix I — Accountants' Report — Notes to the Historical Financial Information — 7. Income Tax in the Combined Statements of Profit or Loss and Other Comprehensive Income" to this prospectus.

Our Directors have confirmed that we have made all required tax filings in all relevant jurisdictions and paid all tax liabilities that have become due. We were not involved in any material tax dispute with respect to our income tax during the Track Record Period and up to the Latest Practicable Date.

PERIOD-TO-PERIOD COMPARISONS OF OUR RESULTS OF OPERATIONS

Four Months Ended April 30, 2020 Compared to Four Months Ended April 30, 2019

Revenue

Our revenue increased by approximately 10.4% from RMB203.8 million for the four months ended April 30, 2019 to RMB224.9 million for the four months ended April 30, 2020. This increase was primarily attributable to the increase in revenue from property management services and green living solutions, partially offset by the decrease in value-added services.

Property Management Services

Revenue generated from our property management services increased by approximately 17.7% from RMB79.1 million for the four months ended April 30, 2019 to RMB93.1 million for the four months ended April 30, 2020. This increase was primarily attributable to (i) the increase in our GFA under management by approximately 37.6% from 10.9 million sq.m. as of April 30, 2019 to 15.0 million sq.m. as of April 30, 2020, resulting from the increase in number of property management projects from 74 as of April 30, 2019 to 99 as of April 30, 2020, partially offset by (ii) the decrease in our average property management fee from RMB2.37 per sq.m. per month for the four months ended April 30, 2019 to RMB2.32 per sq.m. per month for the four months ended April 30, 2020, primarily due to the expansion of our property management service business to cities including Taiyuan, Heze and Xingyi, which we charged at lower fee rates.

Green Living Solutions

Revenue generated from our green living solutions increased by approximately 19.2% from RMB57.8 million for the four months ended April 30, 2019 to RMB68.9 million for the four months ended April 30, 2020. This increase was primarily due to (i) the increase in revenue generated from energy operation services as a result of the increase in GFA under energy operation from 4.3 million sq.m. as of April 30, 2019 to 4.6 million sq.m. as of April 30, 2020, and (ii) the increase in revenue generated from our systems installation services as a result of the increase in number of relevant projects from seven for the four months ended April 30, 2019 to 20 for the four months ended April 30, 2020.

Value-Added Services

Revenue from our value-added services decreased by approximately 6.1% from RMB66.9 million for the four months ended April 30, 2019 to RMB62.8 million for the four months ended April 30, 2020. This decrease was primarily due to the decrease in our home living services and commercial area leasing services affected by the outbreak of novel coronavirus. During the four months ended April 30, 2020, certain of our services, including our tailored repair and maintenance services and sales assistance services, were disrupted amid quarantine as a result of the outbreak of novel coronavirus. Despite an increase in the number of our sales and leasing office we serviced from 70 for the four months ended April 30, 2019 to 92 for the four months ended April 30, 2020, revenue from sales assistance services decreased slightly from RMB33.4 million for the four months ended April 30, 2019 to RMB32.9 million for the four months ended April 30, 2020, primarily due to the temporary closure of 35 projects during the period which we were only required to provide a minimum number of staff for general upkeep and maintenance such that we earned smaller revenue as compared to providing full sales assistance services.

Cost of Sales

Our cost of sales increased by approximately 8.0% from RMB139.1 million for the four months ended April 30, 2019 to RMB150.2 million for the four months ended April 30, 2020. This increase was primarily as a result of the increase in our labor costs and subcontracting charges as a result of our business expansion and the increase in others as a result of the increase in energy operation expenses upon the expansion of our green living solution business.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 15.5% from RMB64.7 million for the four months ended April 30, 2019 to RMB74.7 million for the four months ended April 30, 2020.

Our gross profit margin increased from 31.8% for the four months ended April 30, 2019 to 33.2% for the four months ended April 30, 2020. This increase was primarily attributable to the increase in gross profit margin of our property management services.

The gross profit margin of our property management services increased from 23.6% for the four months ended April 30, 2019 to 27.8% for the four months ended April 30, 2020, which was primarily attributable to the increased economies of scale upon the delivery of multiple phases of the same properties, which we generated more revenue from the same project while the associated staff costs and other services costs remained relatively stable.

The gross profit margin of our green living solution services remained stable at 28.1% and 29.1% for the four months ended April 30, 2019 and 2020, respectively, which was the combined effect of (i) the increase in gross profit margin of our energy operation services primarily due to the decrease in utility costs as a result of the reduction in electricity and fuel cost during the period; (ii) increase in gross profit margin of our sales of AIRDINO systems primarily due to the decrease in production costs of our AIRDINO systems benefited from the new production arrangement with our supplier signed in mid 2019; and (iii) the decrease in gross profit margin of our green technology consulting services primarily due to extra subcontracting services incurred for certain professional certification work.

The gross profit margin of our value-added services remained stable at 44.5% and 45.7% for the four months ended April 30, 2019 and 2020, respectively.

Other Income

Our other income increased by approximately 22.1% from RMB8.6 million for the four months ended April 30, 2019 to RMB10.5 million for the four months ended April 30, 2020. This increase was primarily attributable to (i) the increase in government grants; and (ii) the increase in net realized gains on financial assets measured at fair value through profit or loss.

Selling Expenses

Our selling expenses remained stable at RMB2.3 million and RMB2.3 million for the four months ended April 30, 2019 and 2020, respectively.

Administrative Expenses

Our administrative expenses increased by approximately 19.9% from RMB50.3 million for the four months ended April 30, 2019 to RMB60.3 million for the four months ended April 30, 2020. This increase was primarily attributable to (i) the increase in listing expenses incurred, and (ii) the increase in salaries and allowances as a result of the salary increment, partially offset by the decrease in headcount upon the streamline of our management structure.

Income Tax

Our income tax increased by approximately 76.5% from RMB3.4 million for the four months ended April 30, 2019 to RMB6.0 million for the four months ended April 30, 2020. This increase was primarily attributable to the increase in our taxable profits.

Our effective tax rate increased from 16.4% for the four months ended April 30, 2019 to 26.8% for the four months ended April 30, 2020. For the four months ended April 30, 2019, the low effective tax rate was mainly attributable to the subsidiary that entitled to EIT exemption. For the four months ended April 30, 2020, such subsidiary that entitled to EIT exemption incurred a loss and had contributed to the increase in overall effective tax rate during the same period.

Profit for the Period

As a result of the foregoing, our profit for the period remained stable at RMB17.4 million and RMB16.5 million for the four months ended April 30, 2019 and 2020, respectively.

Our net profit margin decreased from 8.5% for the four months ended April 30, 2019 to 7.3% for the four months ended April 30, 2020.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our revenue increased by approximately 26.1% from RMB495.5 million in 2018 to RMB624.7 million in 2019. This increase was primarily attributable to the increase in revenue from property management services, green living solutions and value-added services as a result of our business expansion.

Property Management Services

Revenue generated from our property management services increased by approximately 34.8% from RMB202.4 million in 2018 to RMB272.8 million in 2019. This increase was primarily attributable to (i) the increase in our GFA under management by approximately 29.2% from 10.6 million sq.m. as of December 31, 2018 to 13.7 million sq.m. as of December 31, 2019, resulting from the increase in number of property management projects from 74 as of December 31, 2018 to 94 as of December 31, 2019, partially offset by (ii) the decrease in our average property management fee from RMB2.45 per sq.m. per month in 2018 to RMB2.37 per sq.m. per month in 2019 primarily due to the inclusion of certain new residential property management projects located at peripheral areas in Hefei and Taiyuan in our property portfolio, which we charged at lower fee rates compared with our other projects.

Green Living Solutions

Revenue generated from our green living solutions increased by approximately 20.1% from RMB128.7 million in 2018 to RMB154.6 million in 2019. This increase was primarily due to (i) the increase in revenue generated from systems installation services as a result of the increase in number of relevant projects from 17 in 2018 to 28 in 2019; and (ii) the increase in revenue generated from green technology consulting services as a result of the increase in number of relevant projects from 27 in 2018 to 46 in 2019, and (iii) the increase in revenue generated from energy operation services as a result of the increase in GFA under energy operation from 4.3 million sq.m. in 2018 to 4.8 million sq.m. in 2019.

Value-Added Services

Revenue generated from our value-added services increased by approximately 20.0% from RMB164.4 million in 2018 to RMB197.3 million in 2019. This increase was primarily due to (i) the increase in revenue from sales assistance services as a result of the increase in number of sales and leasing offices we serviced from 63 in 2018 to 93 in 2019, and (ii) the increase in revenue from parking space management services as a result of the increase in number of property management projects where we were engaged to manage the carpark facilities from 64 in 2018 to 86 in 2019.

Cost of Sales

Our cost of sales increased by approximately 23.2% from RMB330.6 million in 2018 to RMB407.2 million in 2019. This increase was primarily as a result of our business expansion and was generally in line with the growth in our total revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 31.8% from RMB165.0 million in 2018 to RMB217.5 million in 2019.

Our gross profit margin increased from 33.3% in 2018 to 34.8% in 2019. This increase was primarily attributable to the increase in gross profit margin of our property management services and green living solutions.

The gross profit margin of our property management services increased from 25.0% in 2018 to 26.8% in 2019 in spite of a decrease in our average property management fee, which was primarily due to the increased economies of scale upon the delivery of multiple phases of the same properties, which we generated more revenue from the same project while the associated staff costs and other services costs remained relatively stable.

The gross profit margin of our green living solutions increased from 28.8% in 2018 to 34.3% in 2019, which was primarily due to (i) the increase in gross profit margin of our systems installation services as a result of our undertaking of projects with higher gross profit margins in relation to weak current engineering and intelligent building systems; and (ii) the increase in gross profit margin of our green technology consulting services as the number of projects to which we provided such services increased in a greater extent than the corresponding staff costs during the year.

The gross profit margin of our value-added services remained relatively stable at 47.1% and 46.3% in 2018 and 2019, respectively.

Other Income

Our other income increased by approximately 97.1% from RMB17.0 million in 2018 to RMB33.5 million in 2019. This increase was primarily attributable to (i) the increase in interest income, as a result of the new short-term loan made to a third party of RMB70.0 million in 2019, and (ii) the increase in government grants.

Selling Expenses

Our selling expenses increased by approximately 376.5% from RMB1.7 million in 2018 to RMB8.1 million in 2019. This increase was primarily attributable to the increase in headcount of our sales personnel and salary increment.

Administrative Expenses

Our administrative expenses increased by approximately 25.6% from RMB108.1 million in 2018 to RMB135.8 million in 2019, primarily attributable to (i) the increase in salaries and allowance mainly as a result of the increase in headcount and salary increment, (ii) the increase in impairment loss on financial assets, and (iii) the increase in cultural activity expenses.

Income Tax

Our income tax increased by approximately 19.8% from RMB19.2 million in 2018 to RMB23.0 million in 2019. This increase was primarily attributable to the increase in our taxable profits primarily as a result of the expansion of our business.

Our effective tax rate decreased from 26.7% in 2018 to 21.5% in 2019. Our effective income tax rate in 2019 was slightly lower than the EIT rate of 25.0%, primarily due to the increase in taxable profit contributed by the subsidiaries approved as High and New Technology Enterprise which enjoyed a lower tax rate of 15%.

Profit for the Year

As a result of the foregoing, our profit for the year increased by approximately 58.6% from RMB52.9 million in 2018 to RMB83.9 million in 2019.

Our net profit margin increased from 10.7% in 2018 to 13.4% in 2019.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Revenue

Our revenue increased by approximately 30.7% from RMB379.2 million in 2017 to RMB495.5 million in 2018. This increase was primarily attributable to the increase in revenue from property management services, green living solutions and value-added services as a result of our business expansion.

Property Management Services

Revenue generated from our property management services increased by approximately 28.3% from RMB157.7 million in 2017 to RMB202.4 million in 2018. This increase was primarily due to (i) the increase in our GFA under management by approximately 49.3% from 7.1 million sq.m. as of December 31, 2017 to 10.6 million sq.m. as of December 31, 2018, resulting from the increase in number of property management projects from 57 as of December 31, 2017 to 74 as of December 31, 2018, partially offset by (ii) the decrease in our average property management fee from at RMB2.56 per sq.m. per month in 2017 to RMB2.45 per sq.m. per month 2018, primarily due to the inclusion of certain new residential property management projects located at peripheral areas in Taiyuan and Xi'an in our property portfolio, which we charged at lower fee rates compared to our other projects.

Green Living Solutions

Revenue generated from our green living solutions increased by approximately 27.0% from RMB101.3 million in 2017 to RMB128.7 million in 2018. This increase was primarily due to (i) the increase in revenue generated from energy operation services as a result of the increase in GFA under energy operation from 4.0 million sq.m. as of December 31, 2017 to 4.3 million sq.m. as of December 31, 2018, and (ii) the increase in revenue generated from systems installation services as we strategically targeted projects that were larger in scale which we believe could better utilize our resources. We performed a same number of projects of 17 in both 2017 and 2018 but the number of projects with contract price below RMB1.0 million decreased significantly from 14 in 2017 to six in 2018.

Value-Added Services

Revenue generated from our value-added services increased by approximately 36.8% from RMB120.2 million in 2017 to RMB164.4 million in 2018. This increase was primarily due to (i) the increase in revenue from sales assistance services as a result of the increase in number of sales and leasing offices we serviced from 33 in 2017 to 63 in 2018, and (ii) the increase in revenue from parking space management services as a result of the increase in number of property management projects where we were engaged to manage the carpark facilities from 50 in 2017 to 64 in 2018.

Cost of Sales

Our cost of sales increased by approximately 29.2% from RMB255.9 million in 2017 to RMB330.6 million in 2018. This increase was primarily attributable to our business expansion and was generally in line with the growth in our total revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 33.8% from RMB123.3 million in 2017 to RMB165.0 million in 2018.

Our gross profit margin remained stable at 32.5% and 33.3% in 2017 and 2018, respectively.

The gross profit margin of our property management services remained stable at 25.4% and 25.0% in 2017 and 2018, respectively.

The gross profit margin of our green living solution services decreased slightly from 30.6% in 2017 to 28.8% in 2018, which was primarily due to the decrease in gross profit margin of our green technology consulting services. Such decrease was primarily because the increase in staff costs outpaced the increase in our revenue generated from green technology consulting services, as we employed more engineers in 2018 to provide such services in anticipation of the expansion of our consulting services in 2019. The number of engineers increased from nine in 2017 to 17 in 2018 and the average revenue generated by an engineer, calculated by the revenue from green technology consulting services divided by the number of engineers employed as of the end of the year, decreased from RMB1,547 in 2017 to RMB772 in 2018.

The gross profit margin of our value-added services increased from 43.4% in 2017 to 47.1% in 2018, primarily as we engaged more subcontracting labor in providing our services.

Other Income

Our other income remained stable at RMB16.4 million and RMB17.0 million in 2017 and 2018, respectively, which was the combined effect of (i) the increase in interest income, (ii) the increase in net valuation losses on financial assets measured at fair value through profit or loss, and (iii) the decrease in government grants.

Selling Expenses

Our selling expenses increased by approximately 41.7% from RMB1.2 million in 2017 to RMB1.7 million in 2018. This increase was primarily attributable to the increase in headcount of our sales personnel and salary increment.

Administrative Expenses

Our administrative expenses increased by approximately 31.7% from RMB82.1 million in 2017 to RMB108.1 million in 2018, primarily attributable to (i) the increase in salaries and allowances mainly as a result of the increase in headcount and salary increment, and (ii) the increase in legal and professional fee.

Income Tax

Our income tax increased by approximately 32.4% from RMB14.5 million in 2017 to RMB19.2 million in 2018. This increase was primarily attributable to the increase in our taxable profits primarily as a result of the expansion of our business.

Our effective tax rate remained stable at 25.7% and 26.7% in 2017 and 2018, respectively.

Profit for the Year

As a result of the foregoing, our profit for the year increased by approximately 26.6% from RMB41.8 million in 2017 to RMB52.9 million in 2018.

Our net profit margin remained stable at 11.0% and 10.7% in 2017 and 2018, respectively.

DESCRIPTION OF CERTAIN ITEMS IN OUR COMBINED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our combined statements of financial position as of the dates indicated:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Investment properties	–	–	14,404	14,531
Property, plant and equipment	2,934	4,175	7,318	6,920
Intangible assets	4,879	7,401	10,389	7,638
Other financial assets	46,123	34,000	6,000	6,000
Interest in a joint venture	–	–	250	247
Interest in an associate	–	–	–	2,607
Loan receivables	–	70,000	–	–
Deferred tax assets	6,467	8,330	12,000	13,139
Restricted cash	–	300	–	–
Total non-current assets	**60,403**	**124,206**	**50,361**	**51,082**
Current assets				
Inventories	531	2,338	953	899
Loan receivables	70,000	80,000	140,000	70,000
Contract assets	3,049	6,480	7,956	9,467
Trade and other receivables	69,946	114,221	183,972	211,565
Financial assets measured at fair value through profit or loss	43,512	39,555	76,569	129,456
Restricted cash	–	–	300	300
Cash and cash equivalents	290,930	310,927	260,128	101,095
Total current assets	**477,968**	**553,521**	**669,878**	**522,782**
Current liabilities				
Trade and other payables	128,983	155,023	203,959	347,678
Contract liabilities	152,169	174,732	226,566	185,433
Current taxation	6,458	3,995	2,443	6,358
Bank loans	–	–	9,997	9,997
Total current liabilities	**287,610**	**333,750**	**442,965**	**549,466**
Net current assets/(liabilities)	**190,358**	**219,771**	**226,913**	**(26,684)**
Total assets less current liabilities	**250,761**	**343,977**	**277,274**	**24,398**

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities				
Deferred tax liabilities	31	–	566	598
Net assets	**250,730**	**343,977**	**276,708**	**23,800**
Capital and reserves				
Share capital	–	–	–	1
Reserves	242,748	317,712	243,115	11,052
Total equity attributable to equity shareholders of the company	242,748	317,712	243,115	11,053
Non-controlling interests	7,982	26,265	33,593	12,747
Total Equity	**250,730**	**343,977**	**276,708**	**23,800**

Investment Properties

Our investment properties represent commercial properties for rental purpose located in the PRC acquired by us from a related party, which is a subsidiary of the Modern Land Group, at a consideration of RMB11.2 million in 2019. The consideration was determined with reference to the valuation report prepared by an Independent Third Party valuer. As of December 31, 2019 and April 30, 2020, our investment properties amounted to RMB14.4 million and RMB14.5 million, respectively.

Property, Plant and Equipment

Our property, plant and equipment primarily consist of machinery and equipment, vehicles and office and other equipment. Our property, plant and equipment increased from RMB2.9 million as of December 31, 2017 to RMB4.2 million as of December 31, 2018 and RMB7.3 million as of December 31, 2019, primarily due to purchases of office and other equipment as a result of our business expansion. Our property, plant and equipment remained stable at RMB7.3 million and RMB6.9 million as of December 31, 2019 and April 30, 2020, respectively.

Intangible Assets

Our intangible assets consist of (i) software, which mainly represents purchased computer software with useful lives of five years; (ii) customer relationship, which represents customer contracts and related customer relationships acquired through the acquisition of certain property management companies with useful life of ten years determined with reference to our historical renewal pattern of residential property management contracts and the market practice of other property management companies; and (iii) energy operation rights in relation to energy stations in Shandong province we acquired from an Independent Third Party with a view to expanding our energy operation services business. Pursuant to the relevant transfer agreement, the relevant energy operation rights we acquired will expire in 2031, 2032 and 2063. The useful life of the energy operation rights is determined to be ten years considering the stability of the industry and uncertainty of future market demand.

Our intangible assets increased by approximately 51.0% from RMB4.9 million as of December 31, 2017 to RMB7.4 million as of December 31, 2018 which was mainly attributable to the addition of software during the year. Our intangible assets increased further to RMB10.4 million as of December 31, 2019, primarily as a result of the addition of software and operating rights. Our intangible assets decreased by approximately 26.9% from RMB10.4 million as of December 31, 2019 to RMB7.6 million as of April 30, 2020, primarily due to the disposal of the energy operation rights as we were unable to obtain a Heating Business License (供熱經營許可證) due to the previous vendor failing to provide approval documents and the construction completion certificate of the relevant energy station project that were required for applying the Heating Business License.

Impairment of our Intangible Assets

All of our intangible assets are ready-for-use intangible assets with finite useful lives ranging from five to ten years. Accordingly, we assessed whether there was any indication that our intangible assets may be impaired at the end of each period during the Track Record Period in accordance with IAS 36 and our accounting policies.

In respect of our customer relationship, we had not identified any indications that our customer relationship arising from the acquisition of property management business were impaired as of December 31, 2017, 2018 and 2019 and April 30, 2020, given that (i) there was no significant deviations of the operating results of the underlying property management business from the profit forecast prepared at the time of acquisition; and (ii) there was no material change to our business operations, management team and management fees. In respect of our energy operation rights, we had not identified any indications that our energy operation rights were impaired as of December 31, 2019 given that the rights were acquired in November 2019. Accordingly, we had not, and were not required to, make a formal estimate on the recoverable amount of the intangible assets or test the intangible assets for impairment.

Interest in a Joint Venture

Our interest in a joint venture represents our investment in our joint venture pursuant to an corporation agreement entered into in January 2019, in which we held a 49% equity interest. The principal business of the joint venture is construction and operation of regional energy station projects in Guizhou province. The remaining 51% interest of the joint venture was held by Guizhou New Energy Development and Investment Company Limited (貴州新能源開發投資股份有限公司). As of the Latest Practicable Date, the joint venture had not obtained any energy operation projects.

Interest in an Associate

Our interest in an associate represents the 45% equity interest we acquired in a property management company established in Jiangsu province of the PRC in March 2020. As of April 30, 2020, our interest in an associate amounted to RMB2.6 million.

Financial Assets Measured at Fair Value Through Profit or Loss and Other Non-Current Financial Assets

Our financial assets measured at fair value through profit or loss ("**FVPL**") include (i) investments in private funds, (ii) investments in wealth management products, and (iii) other investments, while our other non-current financial assets consist of (i) our investment in equity securities designated at fair value through other comprehensive income ("**FVOCI**"), and (ii) the non-current portion of our investment in a private fund which is due after one year designated at FVPL. The following table sets forth a breakdown of our financial assets measured at FVPL and other non-current financial assets as of the dates indicated:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Other non-current financial assets				
– Equity securities at FVOCI	6,000	6,000	6,000	6,000
– Private fund — due after one year at FVPL	40,123	28,000	–	–
	46,123	34,000	6,000	6,000
Financial assets measured at FVPL				
– Private funds	40,000	19,407	27,539	–
– Wealth management products	2,500	20,000	49,030	129,456
– Others	1,012	148	–	–
	43,512	39,555	76,569	129,456
Total	**89,635**	**73,555**	**82,569**	**135,456**

Equity Securities at FVOCI

During the Track Record Period, we held equity interest in a company engaged in co-working space business for strategic investment purposes. Through the cooperation with our strategic partner, we have expanded our property management services to its co-working spaces, which enabled us to develop our expertise in managing different types of property management projects and enhance our portfolio of property management services. As of December 31, 2017, 2018 and 2019 and April 30, 2020, our investment in such equity securities remained as RMB6.0 million. We had not received any dividends on this investment during the Track Record Period.

Private Funds and Others

During the Track Record Period, we invested in certain private funds and other investments for treasury management purposes. As of December 31, 2017, 2018 and 2019 and April 30, 2020, our investments in private funds and others in aggregate amounted to RMB81.1 million, RMB47.6 million, RMB27.5 million and nil, respectively. The decrease in such balance throughout the Track Record Period was mainly attributable to (i) the redemption of such products from the relevant financial institutions in order to manage the risks associated with such investments, and (ii) the decrease in fair values of these fund investments. In 2017, 2018 and 2019 and the four months ended April 30, 2020, we recorded net valuation loss attributable to private funds and other investments amounted to RMB53,000, loss of RMB2.7 million, gain of RMB2.1 million and nil, respectively, due to the change in fair values of these financial products; and recorded net realized gain of RMB3.2 million, gain of RMB0.8 million, loss of RMB0.5 million and gain of RMB0.5 million from the redemption of private funds and other investments, respectively. As of April 30, 2020, we disposed of all our investments in private funds and other investments and our Directors confirm that we do not intend to invest in any private funds and other investments going forward.

Wealth Management Products

During the Track Record Period, we invested in certain wealth management products issued by commercial banks in the PRC for treasury management purposes. As of December 31, 2017, 2018 and 2019 and April 30, 2020, we had investment in wealth management products amounted to RMB2.5 million, RMB20.0 million, RMB49.0 million and RMB129.5 million, respectively. The significant increase in our investment in wealth management products as of April 30, 2020 was mainly attributable to our investment in these low-risk wealth management products using the proceeds from the repayment of loan receivables and redemption of private funds during the period to earn returns. The wealth management products we invested in do not carry a fixed term and is highly liquid that could be redeemed on any trade date. Such products were not return and/or principal guaranteed. The wealth management product mainly focused on investments in treasury bonds, central bank notes, corporate bonds, financial derivatives linked to US dollar and structured deposits.

Although the products were principal non-guaranteed, our Directors believe that the actual risk of losing any of the principal was very low as it was classified as relatively low risk product by the banks and we had not lost any of our principal from the investment in wealth management products during the Track Record Period. Given the low interest rate of banking savings, we invested in such products with high liquidity and relatively low risk to maximize the returns of our unused funds.

In 2017, 2018 and 2019 and the four months ended April 30, 2020, we recorded net realized gain attributable to our wealth management products amounted to RMB0.2 million, RMB1.7 million, RMB3.2 million and RMB0.8 million, respectively.

We formulate our investment management policies in line with our business operations and developments. The investments we made must align with our capital structure a development plan and must not affect our ordinary business operations. All such products, depending on the respective investment amounts and types, will be reviewed and approved by our management at different levels. Our finance department conducts risk assessment prior to the investments and continuously monitor over our investment period to effectively manage risks associated with such investments. During the Track Record Period, we utilized our laid-up capital and invested in these products that the investment amount matched our capital structure in terms of scale and realization schedule. As of the Latest Practicable Date, we had disposed of all of our private investments in private funds and others and maintained certain investments in wealth management products. We expect to continue to invest in low-risk wealth management products issued by commercial banks in the PRC when the level of our working capital permits and our management sees fit, pursuant to our internal policies and procedures relating to such investment activities, going forward.

In order to minimize any risks brought by our investing activities, our treasury policy allows only the investments in principal guaranteed products and/or principal non-guaranteed products with low risk as categorized by banks. Prior to entering into any investment arrangements, we prepare an investment plan on the purchase of such wealth management products for our finance department to determine the investment amount, which will be approved by our senior management or the Board. In addition, our finance department will monitor the performance of such investment from time to time and immediately redeem the product if additional funds are needed for our business operations.

Loan Receivables

During the Track Record Period, we entered into five loan arrangements with Independent Third Party borrowers for treasury management purposes which allow us to utilize laid-up capital to earn higher returns at a relatively low risk. As of December 31, 2017, 2018 and 2019 and April 30, 2020, our loan receivables, including both current and non-current portion, amounted to RMB70.0 million, RMB150.0 million and RMB140.0 million and RMB70.0 million, respectively. As of the Latest Practicable Date, all of the loans had been repaid in full. For more information on the loan receivables, see "Appendix I — Accountants' Report — Notes to the Historical Financial Information — 15. Loan Receivables" to this prospectus.

Four of these loan arrangements were entrusted loan arrangements among us as the entrusting party, a PRC commercial bank as the entrusted party and the borrowers of the respective loans. Each of the entrusted loans was unsecured, with a principal amount of RMB70.0 million, an interest rate of 10% per annum, and a maturity of one to two years.

In addition, we entered into one loan arrangement in December 2018 with an Independent Third Party directly as the lender. Such loan was unsecured, with a principal amount of RMB10.0 million, an interest rate of 10% per annum and a maturity of 30 days. Under the General Lending Provisions promulgated by the PBOC in 1996 (中國人民銀行貸款通則) (the "**General Lending Provisions**"), only financial institutions may legally engage in business of extending loans, and loans between companies that are not financial institutions are prohibited. The PBOC may impose a fine on the lender in an amount equal to one to five times of the illegal proceeds, being interests charged, generated from the lending activity. 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 "**SPC Provisions**") promulgated on August 6, 2015 and effective on September 1, 2015, save from the exceptional circumstances that invalidate a contract, the PRC courts will support an enterprise's claim on the validity of contract for private lending so long as such loan contracts among enterprises are entered into for purposes of financing production or business operations. PRC courts will also support an enterprise's claim for interest in respect of such a loan as long as the annual interest rate does not exceed 24%. Given that as of the Latest Practicable Date, (i) there were no circumstances which would invalidate such loan agreement as stipulated in the SPC Provisions; (ii) such loan was for purposes of business operations in the ordinary course; (iii) such loan had been repaid in full and such financing arrangement had ceased; (iv) we had not received any notice of claim or penalty relating to such loan; and (v) no administrative action, fine or penalty had been imposed by the PBOC or its local branches on us regarding such lending activity; our PRC Legal Advisor is of the view that the risk of the PBOC imposing any penalty on us is low. Our PRC Legal Advisor has also conducted an anonymous verbal inquiry with the Operations Office (Beijing) of the PBOC, the competent authority for providing such confirmation on this matter. As confirmed by the Operations Office (Beijing) of the PBOC, given that the relevant loan agreement was entered into in 2018 and we had not received any notice of claim or penalty relating to such loan, we are not likely to be imposed on any administrative action or penalty.

Our Directors have confirmed that we will not enter into loan agreements with third party borrowers for treasury management purposes going forward.

Inventories

Our inventories primarily represent our AIRDINO systems. As of December 31, 2017, 2018 and 2019 and April 30, 2020, our inventories amounted to RMB0.5 million, RMB2.3 million, RMB1.0 million and RMB0.9 million, respectively.

As of August 31, 2020, approximately RMB48,000, representing approximately 5.3% of our inventories as of April 30, 2020 had been subsequently utilized.

Trade and Other Receivables

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	68,132	91,267	139,896	152,727
Less: Allowance for trade receivables	(22,906)	(27,665)	(37,769)	(43,141)
	45,226	63,602	102,127	109,586
Amounts due from related parties	7,623	19,678	39,259	61,286
Deposits and prepayments	7,615	16,737	19,961	18,483
Value added tax prepaid	4,337	6,211	8,426	7,904
Other receivables	5,718	8,587	14,823	14,930
Less: Allowance for other receivables	(573)	(594)	(624)	(624)
Total	**69,946**	**114,221**	**183,972**	**211,565**

Trade Receivables

Our trade receivables primarily arise from (i) the provision of our property management services to third-party property owners and developers and (ii) the provision of green living solution services. Our trade receivables do not include any trade balances due from our related parties. Despite the fact we generally charge and collect in advance property management fees on an annual, semi-annual, quarterly or monthly basis, depending on the terms of our property management contracts and demand notes to the residents, we had relative significant trade receivables in respect of our property management services as of the end of each reporting period, as the actual settlement made by our property owners and residents was normally later. In respect of the outstanding trade receivables, we perform extra collection work.

The following table sets forth a breakdown of our trade receivables by business line as of the dates indicated:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	**68,132**	**91,267**	**139,896**	**152,727**
Property management services	40,904	58,140	98,374	95,250
Green living solutions	23,239	27,704	34,865	49,584
Value-added services	3,989	5,423	6,657	7,893
Less: allowance for trade receivables	**(22,906)**	**(27,665)**	**(37,769)**	**(43,141)**
Property management services	(14,437)	(17,951)	(26,733)	(29,191)
Green living solutions	(7,950)	(9,009)	(9,979)	(12,798)
Value-added services	(519)	(705)	(1,057)	(1,152)
Total	**45,226**	**63,602**	**102,127**	**109,586**

Our trade receivables, before any allowance recognized, increased by approximately 34.1% from RMB68.1 million as of December 31, 2017 to RMB91.3 million as of December 31, 2018, primarily due to the expansion of our business. Our trade receivables, before any allowance recognized, increased by approximately 53.2% to RMB139.9 million as of December 31, 2019, primarily due to (i) the expansion of our business, and (ii) the increased trade receivables in respect of our property management services, mainly attributable to certain property management projects taken over from other property management companies in 2019 which had a lower collection rate. Our trade receivables, before any allowance recognized, increased by approximately 9.1% to RMB152.7 million as of April 30, 2020, primarily due to the increase in our trade receivables in respect of our green living solution services as a result of the increased revenue from our green living solution business, partially offset by the decrease in trade receivables in respect of our property management services primarily due to the settlement from certain corporate customers, including property developers, during the period.

As of the end of each period of the Track Record Period, we had significant allowances for trade receivables which accounted for approximately 33.6%, 30.3%, 27.0% and 28.2% of our gross trade receivables as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively, primarily as (i) we had a relatively low collection rate for our property management service fees. 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 approximately 83.6%, 83.4%, 84.5% and 65.8% in 2017, 2018, 2019 and the four months ended April 30, 2020, respectively. The low collection rate was mainly attributable to our relatively small collection efforts of responsible personnel in recovering outstanding property management fees in prior years. We also experienced delays in our collection of property management fees while unprecedented quarantine and social distancing measures were being implemented by the PRC Government in early 2020; and (ii) we did not write off our trade receivables directly considering the possibility of collecting our trade receivables despite the relatively long age of such balances. According to our internal policy, we write-off our trade receivables, either partially or in full, to the extent that we consider there is no realistic prospect of recovery. We consider that there is a possibility in recovering our long-aged trade receivables because (i) in August 2020, on top of our ordinary collection measures, we enhanced our collection effort by adopting new incentive policies with respect to recovering outstanding receivables, details of which are set out below. Up to August 31, 2020, we had successfully recovered certain long-age receivables. For more information, see "— Description of Certain Items in our Combined Statements of Financial Position — Trade and Other Receivables — Trade Receivables — Aging Analysis on Trade Receivables"; and (ii) as of the end of each reporting period, given that most of the outstanding balances of trade receivables were from a large number of diversified property owners, there is no significant concentration of credit risk.

With a view to improving our overall collection of property management fees from the property owners or tenants of the relevant managed properties, especially those outstanding balance for more than three years, in addition to our existing collection policies, which include (i) reviewing the ageing analysis of property management fee receivables on a regular basis to evaluate our collection status; and (ii) performing extra collection efforts by sending collection reminders and payment notices to defaulting tenants or taking legal action against the tenants to recover the outstanding property management fees if the ordinary collection measures proved ineffective, we also rolled out new incentive policies in August 2020 that encourage our employees to take initiatives in recovering outstanding receivables. Specifically, we have set monthly collection target in the second half of 2020 for our employees, held weekly meetings to update collection status and devised bonus scheme based on the collection of aged property management fees. We will review the effectiveness of our property management fee collection measures from time to time.

Trade Receivable Turnover Days

The following table sets forth our trade receivable turnover days for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2017	**2018**	**2019**	**2020**
Trade receivable turnover days *(Days)*[(1)]	66	81	94	102

Note:

(1) The trade receivable turnover days for a period is the average of the opening and closing gross trade receivables divided by our total revenue attributable to Independent Third Parties for the period and multiplied by the number of days for that period, namely 365 days for in 2017, 2018 and 2019 and 121 days for the four months ended April 30, 2020.

Our trade receivable turnover days increased from 66 days in 2017 to 81 days in 2018, and further to 94 days in 2019, which was primarily due to the increase in trade receivables in respect of our property management services, mainly attributable to certain property management projects taken over from other property management companies in 2019 which had a lower collection rate. Our trade receivable turnover days further increased to 102 days during the four months ended April 30, 2020, primarily attributable to our property management services as the collection of our property management fees during the first four months was generally lower prior to our extra collection efforts to be performed near the end of the second quarter. Our collection during the period was also affected by the outbreak of novel coronavirus in early 2020.

Our trade receivable turnover days attributable to our green living solution business, which was calculated from the average of opening and closing gross trade receivables of our green living solution business, divided by our revenue from green living solutions attributable to Independent Third Parties, remained relatively stable at 89 days, 100 days, 106 days and 93 days in 2017, 2018, 2019 and the four months ended April 30, 2019, respectively. In addition, our trade receivable and contract asset turnover days attributable to our green living solution business, which was calculated from the average of opening and closing gross trade receivables and contract assets of our green living solution business attributable to Independent Third Parties, divided by our revenue from green living solutions attributable to Independent Third Parties, was 95 days, 108 days, 118 days and 105 days in 2017, 2018, 2019 and the four months ended April 30, 2020. The increase in our trade receivable and contract asset turnover days from 2017 to 2019 was mainly due to the increase in trade receivables and contract assets from our systems installation services and trade receivables from the sales of AIRDINO systems as a result of the expansion of such businesses.

Aging Analysis on Trade Receivables

We manage our trade receivables arising from the provision of property management services, green living solutions and value-added services with reference to the date of revenue recognition instead of the due dates. In general, we charge and collect our property management fees and energy operation service fees in advance and issue demand notes to the residents prior to the provision of services. The demand notes generally become due prior to the corresponding revenue recognition dates. For green technology consulting services, our customers pay in installments at certain milestones of the certification process. Payment of the transaction is due immediately when the services are rendered or in installments at certain milestones. Accordingly, our management reviews regularly the aging analysis of our trade receivables based on the date of revenue recognition by business line instead of due dates.

The following table sets forth an aging analysis of our gross trade receivables based on the date of revenue recognition by business line as of the dates indicated:

	As of December 31,			Subsequent settlement as of August 31, 2020		As of April 30,	Subsequent settlement as of August 31, 2020	
	2017	2018	2019			2020		
	RMB'000	RMB'000	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Property management services								
Within 1 year	26,199	39,475	70,452	33,919	48.1	59,695	16,986	28.5
Within 90 days	*9,826*	*17,233*	*40,894*	*18,224*	*44.6*	*29,927*	*11,250*	*37.6*
91 to 180 days	*11,551*	*7,507*	*12,416*	*6,399*	*51.5*	*15,746*	*2,357*	*15.0*
181 to 270 days	*4,298*	*11,005*	*7,276*	*4,659*	*64.0*	*8,383*	*2,125*	*25.3*
Over 270 days	*524*	*3,730*	*9,866*	*4,637*	*47.0*	*5,639*	*1,254*	*22.2*
1 to 2 years	3,064	7,341	12,227	1,898	15.5	15,932	1,774	11.1
2 to 3 years	2,312	2,273	6,394	184	2.9	10,043	296	2.9
3 to 4 years	2,786	2,013	1,632	51	3.1	1,855	50	2.7
4 to 5 years	1,637	1,216	1,346	18	1.3	1,297	17	1.3
Over 5 years	4,906	5,822	6,323	451	7.1	6,428	399	6.2
Gross trade receivables	**40,904**	**58,140**	**98,374**	**36,521**	**37.1**	**95,250**	**19,522**	**20.5**
Less: allowance for trade receivables	(14,437)	(17,951)	(26,733)			(29,191)		
Net trade receivables	**26,467**	**40,189**	**71,641**			**66,059**		
Green living solutions								
Within 1 year	14,028	17,478	22,860	8,857	38.7	34,115	9,310	27.3
Within 90 days	*8,057*	*8,465*	*13,584*	*4,558*	*33.6*	*17,278*	*5,941*	*34.4*
91 to 180 days	*3,836*	*1,258*	*3,762*	*2,831*	*75.3*	*11,585*	*1,421*	*12.3*
181 to 270 days	*1,879*	*4,240*	*1,186*	*394*	*33.2*	*3,055*	*1,506*	*49.3*
Over 270 days	*256*	*3,515*	*4,328*	*1,073*	*24.8*	*2,197*	*442*	*20.1*
1 to 2 years	2,496	3,096	4,573	530	11.6	5,923	721	12.2
2 to 3 years	1,683	1,484	2,757	117	4.3	4,898	208	4.3
3 to 4 years	2,203	1,554	445	66	14.8	446	13	2.9
4 to 5 years	1,058	1,336	1,325	43	3.2	730	40	5.5
Over 5 years	1,771	2,756	2,905	79	2.7	3,472	61	1.7
Gross trade receivables	**23,239**	**27,704**	**34,865**	**9,691**	**27.8**	**49,584**	**10,353**	**20.9**
Less: allowance for trade receivables	(7,950)	(9,009)	(9,979)			(12,798)		
Net trade receivables	**15,289**	**18,695**	**24,886**			**36,786**		
Value-added services								
Within 1 year	3,989	5,423	6,021	4,127	68.6	7,472	4,073	54.5
Within 90 days	*3,234*	*4,765*	*4,559*	*3,007*	*66.0*	*6,617*	*3,844*	*58.1*
91 to 180 days	*453*	*293*	*1,020*	*766*	*75.1*	*146*	*29*	*20.2*
181 to 270 days	*302*	*365*	*259*	*172*	*66.2*	*523*	*200*	*38.2*
Over 270 days	*–*	*–*	*183*	*183*	*100.0*	*186*	*–*	*–*
1 to 2 years	–	–	636	–	–	421	–	–
Gross trade receivables	**3,989**	**5,423**	**6,657**	**4,128**	**62.0**	**7,893**	**4,073**	**51.6**
Less: allowance for trade receivables	(519)	(705)	(1,057)			(1,152)		
Net trade receivables	**3,470**	**4,718**	**5,600**			**6,741**		
Total gross trade receivables	**68,132**	**91,267**	**139,896**	**50,340**	**36.0**	**152,727**	**33,948**	**22.2**
Less: allowance for trade receivables	(22,906)	(27,665)	(37,769)			(43,141)		
Total trade receivables	**45,226**	**63,602**	**102,127**	**50,340**	**49.3**	**109,586**	**33,948**	**31.0**

The following table sets forth an aging analysis of our trade receivables, net of allowance for doubtful debts, based on the date of revenue recognition by business line as of the dates indicated:

	As of December 31,			Subsequent settlement as of August 31, 2020		As of April 30, 2020	Subsequent settlement as of August 31, 2020	
	2017	2018	2019					
	RMB'000	RMB'000	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Property management services								
Within 1 year	22,792	34,343	61,293	33,919	55.3	51,935	16,986	32.7
Within 90 days	*8,548*	*14,992*	*35,577*	*18,224*	*51.2*	*26,037*	*11,250*	*43.2*
91 to 180 days	*10,050*	*6,531*	*10,802*	*6,399*	*59.2*	*13,699*	*2,357*	*17.2*
181 to 270 days	*3,739*	*9,575*	*6,330*	*4,659*	*73.6*	*7,294*	*2,125*	*29.1*
Over 270 days	*455*	*3,245*	*8,584*	*4,637*	*54.0*	*4,905*	*1,254*	*25.6*
1 to 2 years	1,746	4,185	6,970	1,898	27.2	9,082	1,774	19.5
2 to 3 years	1,017	1,000	2,813	184	6.5	4,419	296	6.7
3 to 4 years	780	564	456	51	11.2	519	50	9.6
4 to 5 years	132	97	109	18	16.5	104	17	16.4
Over 5 years	–	–	–	451	N/A	–	399	N/A
Subtotal	**26,467**	**40,189**	**71,641**	**36,521**	**51.0**	**66,059**	**19,522**	**29.6**
Green living solutions								
Within 1 year	12,424	15,736	20,836	8,857	42.5	31,072	9,310	30.0
Within 90 days	*7,222*	*7,700*	*12,515*	*4,558*	*36.4*	*15,620*	*5,941*	*38.0*
91 to 180 days	*3,337*	*1,094*	*3,445*	*2,831*	*82.2*	*10,654*	*1,421*	*13.3*
181 to 270 days	*1,635*	*3,748*	*1,032*	*394*	*38.2*	*2,790*	*1,506*	*54.0*
Over 270 days	*230*	*3,194*	*3,844*	*1,073*	*27.9*	*2,008*	*442*	*22.0*
1 to 2 years	1,423	1,764	2,607	530	20.3	3,376	721	21.4
2 to 3 years	741	653	1,213	117	9.6	2,155	208	9.7
3 to 4 years	617	435	125	66	52.8	125	13	10.5
4 to 5 years	84	107	105	43	41.0	58	40	69.6
Over 5 years	–	–	–	79	N/A	–	61	N/A
Subtotal	**15,289**	**18,695**	**24,886**	**9,691**	**38.9**	**36,786**	**10,353**	**28.1**
Value-added services								
Within 1 year	3,470	4,718	5,238	4,127	78.8	6,502	4,073	62.7
Within 90 days	*2,813*	*4,146*	*3,966*	*3,007*	*75.8*	*5,758*	*3,844*	*66.8*
91 to 180 days	*394*	*255*	*887*	*766*	*86.4*	*127*	*29*	*23.2*
181 to 270 days	*263*	*317*	*226*	*172*	*76.1*	*455*	*200*	*44.0*
Over 270 days	*–*	*–*	*159*	*183*	*115.1*	*162*	*–*	*–*
1 to 2 years	–	–	362	–	–	239	–	–
Subtotal	**3,470**	**4,718**	**5,600**	**4,128**	**73.7**	**6,741**	**4,073**	**60.4**
Total	**45,226**	**63,602**	**102,127**	**50,340**	**49.3**	**109,586**	**33,948**	**31.0**

We recognize loss allowance for expected credit losses ("**ECLs**") on our trade and other receivables. ECLs are a probability-weighted estimate of credit losses, which are measured as the present value of all expected cash shortfalls. When we estimate the ECLs for our trade receivables, we use a provision matrix taken into account our historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. We did not hold any collateral over our trade receivables.

As of August 31, 2020, RMB50.3 million and RMB33.9 million, representing approximately 36.0% and 22.2% of our gross trade receivables or 49.3% and 31.0% of our net trade receivables as of December 31, 2019 and April 30, 2020, had been settled. In respect of our trade receivables from property management services that were aged more than one year, our Directors are of the view that there is no material recoverability issue associated with these receivables based on our past experience and the actual settlement we received after the Track Record Period. We will continuously monitor and take follow-up actions to recover overdue debts and provide additional allowance for our receivables should the need arises.

Amounts Due From Related Parties

For the analysis of the balances with our related parties, see "— Description of Certain Items in Our Combined Statements of Financial Position — Amounts Due From/To Related Parties" in this section.

Value Added Tax Prepaid

Our value added tax prepaid increased from RMB4.3 million as of December 31, 2017 to RMB6.2 million as of December 31, 2018 and further to RMB8.4 million as of December 31, 2019, primarily due to our business expansion. Our value-added tax prepaid decreased to RMB7.9 million as of April 30, 2020, which was primarily due to the decrease in prepayment received during the period.

Other Receivables, Net of Loss Allowance

Our other receivables, net of loss allowance, primarily consist of advances and petty cash to employees, guarantee deposits to property developers. Our other receivables, net of loss allowance increased from RMB5.1 million as of December 31, 2017 to RMB8.0 million as of December 31, 2018 and RMB14.2 million as of December 31, 2019, primarily due to the increase in guarantee deposits for the properties under management and advances and petty cash to employees upon the business expansion. Our other receivables, net of loss allowance, remained stable at RMB14.2 million and RMB14.3 million as of December 31, 2019 and April 30, 2020, respectively.

Deposits and Prepayments

Our deposits and prepayments primarily represent prepayments made for our purchased services, raw materials and rents. Our deposits and prepayments increased from RMB7.6 million as of December 31, 2017 to RMB16.7 million as of December 31, 2018 and RMB20.0 million as of December 31, 2019, primarily due to the increase in purchases upon our business expansion. Our deposits and prepayments remained stable at RMB20.0 million and RMB18.5 million as of December 31, 2019 and April 30, 2020, respectively.

Contract Assets/Liabilities

Our contract assets primarily arise from our green living solutions business for our services performed that have not yet billed. Our contract assets increased from RMB3.0 million as of December 31, 2017 to RMB6.5 million as of December 31, 2018, and increased further to RMB8.0 million as of December 31, 2019 and RMB9.5 million as of April 30, 2020, primarily as a result of our business expansion. The amount of contract assets expected to be recovered after more than one year was nil, RMB0.1 million, RMB1.5 million and RMB1.9 million as of December 31, 2017, 2018 and 2019 and April 30, 2020, respectively. As of August 31, 2020, RMB3.2 million, representing approximately 33.8% of our contract assets as of April 30, 2020 had been billed.

Our contract liabilities primarily represent the receipt in advance from customers for our property management services. Our contract liabilities increased from RMB152.2 million as of December 31, 2017 to RMB174.7 million as of December 31, 2018 and further to RMB226.6 million as of December 31, 2019, primarily as a result of our business expansion. Our contract liabilities decreased to RMB185.4 million as of April 30, 2020, which was primarily due to the delay in collection of property management fees affected by the outbreak of novel coronavirus in early 2020.

In 2017, 2018 and 2019 and the four months ended April 30, 2020, the amount of revenue recognized from the contract liabilities at the beginning of corresponding period was RMB94.5 million, RMB118.2 million, RMB144.3 million and RMB91.3 million, respectively; and the amount of contract liabilities expected to be recognized as income after more than one year was RMB34.0 million, RMB30.4 million, RMB64.7 million and RMB34.0 million, respectively.

Trade and Other Payables

The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	30,514	33,456	38,380	41,615
Amounts due to related parties	8,008	13,698	12,746	184,539
Other taxes and charges payable	4,594	6,079	7,736	8,138
Dividend payable	–	–	38,391	–
Accrued payroll and other benefits	17,422	21,804	26,489	23,685
Other payables and accruals	68,445	79,986	80,217	89,701
Total	**128,983**	**155,023**	**203,959**	**347,678**

Trade Payables

Our trade payables primarily represent our obligation to pay for the goods or services we acquired, such as materials, utilities, cleaning services, in the ordinary course of our business from our suppliers. Our trade payables increased from RMB30.5 million as of December 31, 2017 to RMB33.5 million as of December 31, 2018 and further to RMB38.4 million as of December 31, 2019, primarily due to the increase in purchase as a result of our business expansion. Our trade payables increased to RMB41.6 million as of April 30, 2020, which was primarily due to the delay in settlement of our trade payables affected by the outbreak of novel coronavirus in early 2020.

Trade Payable Turnover Days

The following table sets forth our trade payable turnover days for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2017	2018	2019	2020
Trade payable turnover days *(Days)*[(1)]	41	35	32	32

Note:

(1) The trade payable turnover days for a period is the average of opening and ending trade payables divided by cost of sales for that period and multiplied by the number of days for that period, namely 365 days for in 2017, 2018 and 2019 and 121 days for the four months ended April 30, 2020.

Our trade payable turnover days deceased from 41 days in 2017 to 35 days in 2018, and remained stable at 32 days and 32 days in 2019 and the four months ended April 30, 2020, respectively.

Aging Analysis on Trade Payables

The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,			As of April 30, 2020
	2017	2018	2019	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	29,412	33,026	37,087	40,059
1 to 2 years	44	245	1,019	1,223
2 to 3 years	468	20	92	106
Over 3 years	860	165	182	227
Total	**30,514**	**33,456**	**38,380**	**41,615**

As of August 31, 2020, RMB27.0 million, representing approximately 64.9% of our trade payables as of April 30, 2020 had been settled.

Amounts Due To Related Parties

For the analysis of the balances with our related parties, see "— Description of Certain Items in Our Combined Statements of Financial Position — Amounts Due From/To Related Parties" in this section.

Other Taxes and Charges Payable

Our other taxes and charges payable increased from RMB4.6 million as of December 31, 2017 to RMB6.1 million as of December 31, 2018 and further to RMB7.7 million as of December 31, 2019, primarily due to our business expansion. Our other taxes and charges payables remained stable at RMB7.7 million and RMB8.1 million as of December 31, 2019 and April 30, 2020, respectively.

Dividend Payable

As of December 31, 2019, we had dividend payable of RMB38.4 million, which represents dividend declared by First Property Management during the same year. Our dividend payable decreased to nil as of April 30, 2020 upon the settlement of such during the period.

Accrued Payroll and Other Benefits

Accrued payroll and other benefits increased from RMB17.4 million as of December 31, 2017 to RMB21.8 million as of December 31, 2018 and further to RMB26.5 million as of December 31, 2019, which was primarily due to the increase in headcount as a result of our business expansion. Our accrued payroll and other benefits decreased to RMB23.7 million as of April 30, 2020, primarily due to the decrease in headcount upon the streamline of our management structure.

Other Payables and Accruals

Our other payables and accruals mainly represent deposits and temporary receipts from property owners or tenants, which primarily comprise utility fees and maintenance fund contributions. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Temporary receipts from property owners	42,138	41,136	41,417	44,911
Deposits	22,254	33,692	33,583	38,341
Others	4,053	5,158	5,217	6,449
Total	**68,445**	**79,986**	**80,217**	**89,701**

Our other payables and accruals increased from RMB68.4 million as of December 31, 2017 to RMB80.0 million as of December 31, 2018, primarily attributable to the increase in our deposits from tenants and property owners in relation to interior decorations. Our other payables and accruals remained stable at RMB80.2 million as of December 31, 2019 and increased to RMB89.7 million as of April 30, 2020, which was primarily due to (i) the increase in temporary receipts from property owners as a result of the expansion of our business; and (ii) deposits collected from property owners associated with their home renovation to insure against any potential damages. As a result of the outbreak of novel coronavirus in early 2020, certain renovation works in respect of the deposits collected in 2019 had not commenced, which had led to the increase in our deposits as of April 30, 2020.

Amounts Due From/To Related Parties

The following table sets forth a breakdown of our amounts due from/to related parties as of the dates indicated:

	As of December 31,			As of April 30,
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Amounts due from related parties:				
Trade nature	7,623	19,678	39,259	61,286
Current liabilities				
Amounts due to related parties:				
Trade nature	8,008	13,698	12,746	14,343
Non-trade nature	–	–	–	170,196
	8,008	13,698	12,746	184,539

All of our amounts due from or to related parties were of trade nature, except for an amount due to a related party of RMB170,196,000 which was of non-trade nature and was associated with the acquisition of First Living and First Property Management pursuant to the Reorganization. The consideration for the acquisition of First Living was determined after arm's length negotiations between the parties, taking into account the undistributed accumulated profits and other interests, while the consideration for the acquisition of First Property Management was determined after arm's length negotiations between the parties and based on independent valuation. As of the Latest Practicable Date, our non-trade amount due to our related party as of April 30, 2020 had been fully settled by cash. Our trade nature balances primarily relate to the provision of property management services, construction services, technical services, energy operation and maintenance services and sales of goods. The balances were unsecured and interest free. During the Track Record Period, our amounts due from related parties increased in general, primarily attributable to the expansion of our business. Our Directors have confirmed that the corresponding provision of services, sales of goods and purchases transactions between our related parties and us were conducted on normal commercial terms and on an arm's length basis. Our Directors have further confirmed that, upon the Listing, we will grant our related party customers credit periods that are comparable to the credit periods granted to our Independent Third Party customers. In addition, we have adopted a series of internal procedures designated to achieve effective collection of our amount due from related parties, which include, among other things, (i) setting up key performance indicators for project managers with respect to the collection activities as part of their performance assessment; (ii) requiring project managers to report to the headquarter on the collection results on a monthly basis; and (iii) requiring project managers to report to regional office any balances with age more than three months. The regional office representatives then communicate with related parties and take necessary follow-up actions to accelerate the collection process.

The following table sets forth an aging analysis of our amounts due from related parties, net of allowance for doubtful debts, based on the date of revenue recognition as of the dates indicated:

	As of December 31,			As of April 30, 2020
	2017	2018	2019	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	3,186	14,309	29,045	35,768
91 to 180 days	2,359	3,270	3,622	16,482
181 to 270 days	651	1,839	3,763	5,255
271 to 365 days	1,427	260	2,829	3,781
Total	**7,623**	**19,678**	**39,259**	**61,286**

The following table sets forth our turnover days of our amounts due from related parties for the periods indicated:

	Year ended December 31,			Four months ended April 30, 2020
	2017	2018	2019	
Turnover days *(Days)*(1)	23	36	62	119

Note:

(1) The turnover days of our amounts due from related parties for a period is the average of opening and ending amounts due from related parties of trade nature divided by total revenue attributable to our related parties for that period and multiplied by the number of days for that period, namely 365 days for in 2017, 2018 and 2019 and 121 days for the four months ended April 30, 2020.

The increase in the turnover days of our amounts due from related parties from 23 days in 2017 to 36 days in 2018 and 62 days in 2019 was mainly attributable to (i) the expansion of our green living solution business to our related parties, which had a longer settlement cycle given the span of the service projects were longer; and (ii) the increased turnover days in respect of our property management services provided to related parties as we did not collect our trade receivables from our related parties frequently considering the risk of default from our related parties was low. The increase in the turnover days of our amounts due from related parties to 119 days for the four months ended April 30, 2020 was primarily due to the increased turnover days in respect of our property management services provided to related parties.

As of August 31, 2020, RMB8.1 million, representing approximately 13.2% of our amounts due from related parties as of April 30, 2020 had been settled.

For more information, see "Appendix I — Accountants' Report — Notes to the Historical Financial Information — 27. Material Related Party Transactions" to this prospectus.

NET CURRENT ASSETS

The following table sets forth a summary of our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of April 30, 2020	As of August 31, 2020
	2017	2018	2019		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current assets					
Inventories	531	2,338	953	899	867
Loan receivables	70,000	80,000	140,000	70,000	–
Contract assets	3,049	6,480	7,956	9,467	11,079
Trade and other receivables	69,946	114,221	183,972	211,565	259,207
Financial assets measured at fair value through profit or loss	43,512	39,555	76,569	129,456	96,046
Restricted cash	–	–	300	300	–
Cash and cash equivalents	290,930	310,927	260,128	101,095	137,044
Total current assets	**477,968**	**553,521**	**669,878**	**522,782**	**504,243**
Current liabilities					
Trade and other payables	128,983	155,023	203,959	347,678	187,924
Contract liabilities	152,169	174,732	226,566	185,433	201,807
Current taxation	6,458	3,995	2,443	6,358	808
Bank loans	–	–	9,997	9,997	–
Total current liabilities	**287,610**	**333,750**	**442,965**	**549,466**	**390,539**
Net current assets/(liabilities)	**190,358**	**219,771**	**226,913**	**(26,684)**	**113,704**

We recorded net current assets of RMB190.4 million, RMB219.8 million, RMB226.9 million and RMB113.7 million as of December 31, 2017, 2018 and 2019 and August 31, 2020, respectively; and net current liabilities of RMB26.7 million as of April 30, 2020.

Our net current assets increased from RMB190.4 million as of December 31, 2017 to RMB219.8 million as of December 31, 2018, primarily attributable to the increase in our trade and other receivables from our operations.

Our net current assets remained stable at RMB219.8 million and RMB226.9 million as of December 31, 2018 and 2019, respectively.

We recorded net current assets of RMB226.9 million as of December 31, 2019 and net current liabilities of RMB26.7 million as of April 30, 2020. Such change was primarily attributable to the decrease in cash and cash equivalents and increase in trade and other payables primarily as a result of the acquisition of First Property Management and First Living pursuant to the Reorganization. During the period, our financial assets measured at fair value through profit or loss increased mainly as a result of the increase in our investment in wealth management products.

As of August 31, 2020, we recorded net current assets of RMB113.7 million, which was mainly attributable to (i) the capital injection of RMB103.5 million from the shareholders of our Company pursuant to the Reorganization; (ii) the settlement of the acquisition of remaining equity interest in First Property Management in May 2020 of RMB32.3 million pursuant to the Reorganization; and (iii) the increase in trade and other receivables of RMB47.6 million primarily from our business expansion.

INDEBTEDNESS

The following table sets forth our outstanding debts as of the dates indicated:

	As of December 31,			As of April 30,	As of August 31,
	2017	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Bank loans	–	–	9,997	9,997	–

As of December 31, 2017 and 2018 and August 31, 2020, we did not have any bank borrowings. We had secured bank loan of RMB10.0 million and RMB10.0 million as of December 31, 2019 and April 30, 2020, which was guaranteed by First Assets. The effective interest rate of our bank loans in 2019 and the four months ended April 30, 2020 was 4.15% and 4.31%, respectively. The guarantee had been released upon the settlement of the bank loan as of August 31, 2020.

As of August 31, 2020, being the most recent practicable date for this indebtedness statement, we did not have any unutilized banking facilities. Our Directors have confirmed that there was no material adverse change in our Group's indebtedness since August 31, 2020 and up to the Latest Practicable Date.

As of August 31, 2020, being the most recent practicable date for this indebtedness statement, save as disclosed, we did not have any material outstanding debt securities, bank overdrafts, borrowings, indebtedness, mortgages, debentures, hire purchase commitments or guarantees.

CONTINGENT LIABILITIES

As of August 31, 2020, being the most recent practicable date for purpose of determining the contingent liabilities of our Group, we did not have any material contingent liabilities. We are not currently involved in any significant litigation. Our Directors have confirmed that there was no material adverse change in our Group's contingent liabilities since August 31, 2020 and up to the Latest Practicable Date.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically financed our operations through internal resources. Our future cash requirements will depend on many factors, including our operating income and capital expenditure on expansion of our operations.

Following completion of the Global Offering, we expect to fund our future working capital, capital expenditure and other cash requirements from our internal resources, bank borrowings, and the estimated net proceeds from the Global Offering. Our ability to fund our working capital needs, repay our indebtedness and finance other obligations depends on our future operating performance and cash flow, which are in turn subject to the prevailing economic conditions, the level of spending by our customers and other factors, many of which are beyond our control. Any future significant acquisition or expansion may require additional capital, and we cannot assure you that such capital will be available to us on acceptable terms, if at all. We did not experience any liquidity shortage during the Track Record Period.

Working Capital Sufficiency

After taking into consideration the financial resources available to our Group, including our bank balances and cash on hand, operating cash flows and the estimated net proceeds from the Global Offering, and in the absence of unforeseeable circumstances, our Directors confirm that we have sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this prospectus.

SUMMARY OF OUR CASH FLOWS

The following table sets forth a summary of our combined statements of cash flows for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Operating cash flows before changes in working capital	53,632	68,689	98,221	23,219	24,042
Changes in working capital	9,361	(5,677)	(11,858)	(43,224)	(60,867)
Income taxes paid	(15,616)	(23,602)	(27,678)	(11,038)	(3,273)
Net cash generated from/(used in) operating activities	47,377	39,410	58,685	(31,043)	(40,098)
Net cash (used in)/generated from investing activities	(122,344)	(57,784)	(679)	(107,441)	20,245
Net cash generated from/(used in) financing activities	115,437	38,371	(108,805)	147	(139,180)
Net increase/(decrease) in cash and cash equivalents	40,470	19,997	(50,799)	(138,337)	(159,033)
Cash and cash equivalents at the beginning of the year/period	250,460	290,930	310,927	310,927	260,128
Cash and cash equivalents at the end of the year/period	290,930	310,927	260,128	172,590	101,095

Cash Flows in Relation to our Operating Activities

During the Track Record Period, the cash inflows from our operating activities were primarily derived from provision of our property management services, green living solutions and value-added services, while the cash outflows for our operating activities were primarily attributable to (i) the payment of staff costs; (ii) payment for purchases of materials and services; and (iii) payments for other working capital needs. Cash flows from operating activities can be significantly affected by factors such as the timing of collection of trade receivables from customers and the timing of payment of trade payables to suppliers during the ordinary course of our business, which also primarily accounted for the difference in the net cash generated from operating activities among the years during the Track Record Period.

Four Months Ended April 30, 2020

For the four months ended April 30, 2020, we had net cash used in operating activities of RMB40.1 million, primarily as a result of operating cash flows before changes in working capital of RMB24.0 million, offset by income tax paid of RMB3.3 million and a decrease in working capital of RMB60.9 million. The decrease in working capital during the period was primarily attributable to (i) the increase in trade and other receivables by RMB30.2 million as a result of the increase in trade receivables and amounts due from related parties due to the delay in settlement as a result of the outbreak of novel coronavirus in early 2020; and (ii) the decrease in contract liabilities of RMB41.1 million as a result of the decrease in billing in advance also impacted by the outbreak of novel coronavirus in early 2020; partially offset by (iii) the increase in trade and other payables of RMB11.9 million also impacted by the outbreak of the novel coronavirus.

Year Ended December 31, 2019

For the year ended December 31, 2019, we had net cash generated from operating activities of RMB58.7 million, primarily as a result of operating cash flows before changes in working capital of RMB98.2 million, offset by income tax paid of RMB27.7 million and a decrease in working capital of RMB11.9 million. The decrease in working capital during the year was primarily attributable to (i) the increase in trade and other receivables of RMB74.0 million, partially offset by (i) the increase in contract liabilities of RMB51.8 million, and (ii) the increase in trade and other payables of RMB10.5 million.

Year Ended December 31, 2018

For the year ended December 31, 2018, we had net cash generated from operating activities of RMB39.4 million, primarily as a result of operating cash flows before changes in working capital of RMB68.7 million, offset by income tax paid of RMB23.6 million and a decrease in working capital of RMB5.7 million. The decrease in working capital during the year was primarily attributable to (i) the increase in trade and other receivables of RMB48.8 million, partially offset by (i) the increase in contract liabilities of RMB22.6 million, and (ii) the increase in trade and other payables of RMB26.1 million.

Year Ended December 31, 2017

For the year ended December 31, 2017, we had net cash generated from operating activities of RMB47.4 million, primarily as a result of operating cash flows before changes in working capital of RMB53.6 million and an increase in working capital of RMB9.4 million, partially offset by income tax paid of RMB15.6 million. The increase in working capital during the year was primarily attributable to (i) the increase in contract liabilities of RMB28.7 million, and (ii) the increase in trade and other payables of RMB12.7 million, partially offset by the increase in trade and other receivables of RMB30.8 million.

Cash Flows in Relation to our Investing Activities

During the Track Record Period, the cash inflows from our investing activities were primarily derived from interest received and proceeds from disposal of financial assets measured at fair value through profit or loss, while the cash outflows for our investing activities were primarily attributable to the purchases of financial assets measured at fair value through profit or loss and other financial assets, the purchases of property, plant and equipment, the purchase of intangible assets and loan to third parties.

Four Months Ended April 30, 2020

For the four months ended April 30, 2020, we had net cash generated from investing activities of RMB20.2 million, which was primarily attributable to (i) the proceeds from the disposal of our financial assets measured at fair value through profit or loss, including our private funds and other investment products, of RMB126.9 million; and (ii) the proceeds from the repayment of loan receivables from the borrowers of RMB70.0 million, partially offset by the payment for the purchases of wealth management products of RMB178.6 million.

Year Ended December 31, 2019

For the year ended December 31, 2019, we had net cash used in investing activities of RMB0.7 million, which was primarily attributable to (i) the payment for the purchase of financial assets measured at fair value through profit or loss of RMB583.4 million, (ii) the payment for the purchase of investment properties of RMB12.1 million, and (iii) the increase in loan receivables of RMB70.0 million, partially offset by the proceeds from the disposal of our financial assets measured at fair value through profit or loss of RMB579.1 million and the repayment of loan receivables by the borrower of RMB80.0 million.

Year Ended December 31, 2018

For the year ended December 31, 2018, we had net cash used in investing activities of RMB57.8 million, which was primarily attributable to (i) the increase in loan receivables of RMB150.0 million, and (ii) the payment for the purchase of financial assets measured at fair value through profit or loss and other financial assets of RMB40.2 million, partially offset by the proceeds from the disposal of our financial assets measured at fair value through profit or loss of RMB56.0 million and the repayment of loan receivables by the borrower of RMB70.0 million.

Year Ended December 31, 2017

For the year ended December 31, 2017, we had net cash used in investing activities of RMB122.3 million, which was primarily attributable to (i) the payment for the purchase of financial assets measured at fair value through profit or loss and other financial assets of RMB126.6 million, and (ii) the increase in loan receivables of RMB70.0 million, partially offset by the proceeds from the disposal of our financial assets measured at fair value through profit or loss of RMB71.1 million.

Cash Flows in Relation to our Financing Activities

During the Track Record Period, the cash inflows from our financing activities were primarily derived from the proceeds received from the issue of shares on placing capital injection from non-controlling shareholders and bank borrowings, while the cash outflows for our financing activities were primarily attributable to dividend paid.

Four Months Ended April 30, 2020

For the four months ended April 30, 2020, we had net cash used in financing activities of RMB139.2 million, which was primarily attributable to (i) deemed distribution of RMB81.3 million following the Reorganization; and (ii) dividend paid by First Living and First Property Management of RMB56.4 million.

Year Ended December 31, 2019

For the year ended December 31, 2019, we had net cash used in financing activities of RMB108.8 million, which was primarily attributable to the payment of dividend of RMB123.5 million, partially offset by the proceeds from issue of shares of RMB10.0 million and proceeds from drawn down bank borrowings of RMB10.0 million.

Year Ended December 31, 2018

For the year ended December 31, 2018, we had net cash generated from financing activities of RMB38.4 million, which was primarily attributable to the proceeds from issue of shares of RMB26.2 million and capital injection from non-controlling interests of RMB27.7 million.

Year Ended December 31, 2017

For the year ended December 31, 2017, we had net cash generated from financing activities of RMB115.4 million, which was primarily attributable to the proceeds from issue of shares of RMB112.1 million.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditure in 2017, 2018 and 2019 and the four months ended April 30, 2020 was RMB1.4 million, RMB6.0 million, RMB10.5 million and RMB1.4 million, respectively. Our capital expenditure was used primarily for the purchase office and other equipment and software. We financed our capital expenditure primarily through our cash flow generated from operating activities.

RELATED PARTY TRANSACTIONS

We entered into certain related party transactions during the Track Record Period. For more information, see "Appendix I — Accountants' Report — Notes to the Historical Financial Information — 27. Material Related Party Transactions" to this prospectus. Our Directors have confirmed that these transactions were conducted on normal commercial terms and on arm's length basis and did not have a material impact on our results of operations during the Track Record Period.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any off-balance sheet commitments and transactions.

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 HK$54.5 million (assuming an Offer Price of HK$2.16 per Share, being the mid-point of the Offer Price range and before the exercise of the Over-allotment Option), representing approximately 10.1% of the gross proceeds from the Global Offering. Of the total amount of estimated listing expenses, HK$26.2 million is directly attributable to the issuance of Shares and will be charged to equity upon completion of the Listing, approximately HK$1.1 million and HK$11.7 million have been charged to our combined statements of profit or loss and other comprehensive income for the year ended December 31, 2019 and for the four months ended April 30, 2020, respectively, and an additional amount of approximately HK$15.5 million will be charged to our combined statements of profit or loss and other comprehensive income for the eight months ending December 31, 2020.

Our Directors consider that our financial results will be affected by the estimated listing expenses in relation to the Global Offering as we expect to recognize approximately RMB14.0 million in the combined statements of profit or loss and other comprehensive income for the eight months ending December 31, 2020. Accordingly, the financial performance for the year ending December 31, 2020 is expected to be adversely affected by such listing expenses.

Our Directors would like to emphasize that the estimated amount of listing expenses disclosed above is for reference only. The final amount of listing expenses in relation to the Listing to be recognized in our combined statements of profit or loss and other comprehensive income for the year ending December 31, 2020 will be subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending December 31, 2020 is expected to be adversely affected by non-recurring listing expenses, and may or may not be comparable to the financial performance of our Group in the past.

MAJOR FINANCIAL RATIOS

The following table sets forth the major financial ratios as of the dates and for the periods indicated:

Financial metrics	As of or for the year ended December 31, 2017	2018	2019	As of or for the four months ended April 30, 2020
Gross profit margin(1)	32.5%	33.3%	34.8%	33.2%
Return on assets(2)	9.5%	8.7%	12.0%	N/A
Return on equity(3)	24.3%	17.8%	27.0%	N/A
Current ratio(4)	1.66	1.66	1.51	0.95
Liabilities to assets ratio(5)	0.53	0.49	0.62	0.96
Gearing ratio(6)	N/A	N/A	0.04	0.42

Notes:

(1) Gross profit margin is calculated based on our gross profit for the year/period divided by our total revenue for the year/period and multiplied by 100%.

(2) Return on assets is calculated based on our profit for the year/period divided by our average total assets as of the beginning and the end of the corresponding year/period and multiplied by 100%.

(3) Return on equity is calculated based on our profit for the year/period divided by our average total equity as of the beginning and the end of the corresponding year/period and multiplied by 100%.

(4) Current ratio is calculated based on our total current assets as of the end of the relevant year/period divided by our total current liabilities as of the end of the corresponding year/period.

(5) Liabilities to assets ratio is calculated based on our total liabilities as of the end of the relevant year/period divided by our total assets as of the end of the corresponding year/period.

(6) Gearing is calculated based on total interest-bearing borrowings divided by total equity as of the end of that year/period.

Gross Profit Margin

Our overall gross profit margin remained relatively stable at 32.5%, 33.3%, 34.8% and 33.2% in 2017, 2018 and 2019 and four months ended April 30, 2020. For detailed discussion of our gross profit margin by business line, see "— Description of Certain Components of our Combined Statements of Profit or Loss and Other Comprehensive Income — Gross Profit and Gross Profit Margin" in this section.

Return on Assets

Our return on assets remained stable at 9.5% and 8.7% in 2017 and 2018, respectively. Our return on assets increased from 8.7% in 2018 to 12.0% in 2019. This increase was primarily attributable to our increased profitability resulting from the increase in our revenue.

Return on Equity

Our return on equity decreased from approximately 24.3% in 2017 to approximately 17.8% in 2018. This decrease was primarily attributable to the relatively lower average equity base in 2017 as compared to 2018 prior to the issue of shares by First Property Management. Our return on equity increased from approximately 17.8% in 2018 to approximately 27.0% in 2019. This increase was primarily attributable to the decrease in total equity as a result of the dividend payments in 2019 by First Property Management and the increase in our profitability.

Current Ratio

Our current ratio remained stable and amounted to 1.66, 1.66 and 1.51 as of December 31, 2017, 2018 and 2019, respectively. Our current ratio decreased from 1.51 as of December 31, 2019 to 0.95 as of April 30, 2020, primarily due to the increase in our current liabilities mainly due to the increase in our amounts due to related parties resulting from the acquisition of First Living and First Property Management pursuant to the Reorganization.

Liabilities to Assets Ratio

Our liabilities to assets ratio remained stable and amounted to 0.53, 0.49 and 0.62 as of December 31, 2017, 2018 and 2019, respectively. Our liabilities to assets ratio increased from 0.62 as of December 31, 2019 to 0.96 as of April 30, 2020, primarily due to the decrease in our total assets primarily as a result of the decrease in cash and cash equivalents.

Gearing Ratio

As of December 31, 2017 and 2018, the gearing ratio is not calculated as we did not have any interest bearing bank borrowings. Our gearing ratio increased from 0.04 as of December 31, 2019 to 0.42 as of April 30, 2020, which was primarily due to the decrease in our total equity as a result of the deemed distribution in relation to the acquisition of First Property Management and First Living pursuant to the Reorganization.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

We are exposed to credit risk, liquidity risk and interest rate risk in the normal course of our business. In addition, we are also exposed to equity price risk arising from our equity investment in other entities. Our management regularly reviews and monitors our exposures to these risks in order to ensure appropriate measures are implemented on a timely and effective manner. Details of the relevant risks and our policies for managing these risks are set out below.

Credit Risk

Our credit risk is primarily attributable to cash at bank, trade and other receivables, financial assets measured at fair value through profit or loss and contract assets. Our exposure to credit risk arising from cash and cash equivalents and financial assets measured at fair value through profit or loss are limited because the counterparties are banks and financial institutions with a high credit standing assigned by our management, to which we consider to have low credit risk.

In respect of our amounts due from related parties, payments on behalf of property owners, deposits and amounts due from staff included in other receivables, we have assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method based on historical settlement records and looking-forward information. As of December 31, 2017, 2018 and 2019 and April 30, 2020, we recorded provision in respect of our amounts due from related parties, in the amount of RMB0.6 million, RMB0.6 million, RMB0.6 million and RMB0.6 million, respectively.

In respect of our trade receivables and contract assets, we measure loss allowances at an amount equal to lifetime ECLs based on historical settlement records and forward-looking information. We have no concentrations of credit risk in view of its large number of customers. In addition, we have monitoring procedures in place to ensure that follow-up action is taken to recover overdue debts. Normally, we do not obtain collateral from customers.

The following table provides information about our exposure to credit risk and ECLs for trade receivables and contract assets as of the respective dates:

	As of December 31, 2017							
	Property management services			Green living solution services			Group total	
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	13%	41,462	5,390	5%	4,873	244	46,335	5,634
1 to 2 years	43%	5,560	2,391	–	–	–	5,560	2,391
2 to 3 years	56%	3,995	2,237	–	–	–	3,995	2,237
3 to 4 years	72%	4,989	3,592	–	–	–	4,989	3,592
4 to 5 years	92%	2,695	2,479	–	–	–	2,695	2,479
Over 5 years	100%	6,679	6,679	–	–	–	6,679	6,679
Total		**65,380**	**22,768**		**4,873**	**244**	**70,253**	**23,012**

As of December 31, 2018

	Property management services			Green living solution services			Group total	
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	13%	55,744	7,247	5%	8,548	427	64,292	7,674
1 to 2 years	43%	10,437	4,488	–	–	–	10,437	4,488
2 to 3 years	56%	3,757	2,104	–	–	–	3,757	2,104
3 to 4 years	72%	3,567	2,568	–	–	–	3,567	2,568
4 to 5 years	92%	2,552	2,348	–	–	–	2,552	2,348
Over 5 years	100%	8,579	8,579	–	–	–	8,579	8,579
Total		**84,636**	**27,334**		**8,548**	**427**	**93,184**	**27,761**

As of December 31, 2019

	Property management services			Green living solution services			Group total	
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	13%	87,487	11,373	5%	17,157	858	104,644	12,231
1 to 2 years	43%	17,437	7,498	–	–	–	17,437	7,498
2 to 3 years	56%	9,151	5,125	–	–	–	9,151	5,125
3 to 4 years	72%	2,076	1,495	–	–	–	2,076	1,495
4 to 5 years	92%	2,670	2,456	–	–	–	2,670	2,456
Over 5 years	100%	9,230	9,230	–	–	–	9,230	9,230
Total		**128,051**	**37,177**		**17,157**	**858**	**145,208**	**38,035**

As of April 30, 2020

	Property management services			Green living solution services			Group total	
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	13%	83,905	10,908	5%	22,863	1,143	106,768	12,051
1 to 2 years	43%	22,275	9,578	–	–	–	22,275	9,578
2 to 3 years	56%	14,941	8,367	–	–	–	14,941	8,367
3 to 4 years	72%	2,302	1,657	–	–	–	2,302	1,657
4 to 5 years	92%	2,027	1,865	–	–	–	2,027	1,865
Over 5 years	100%	9,897	9,897	–	–	–	9,897	9,897
Total		**135,347**	**42,272**		**22,863**	**1,143**	**158,210**	**43,415**

Our expected loss rates are based on actual loss experience over the past five years. These rates are adjusted to reflect the differences between economic conditions during the period over which the historic data has been collected, current conditions and our view of economic conditions over the expected lives of the receivables.

Liquidity Risk

The individual operating entities within our Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Board when such borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of our non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date we can be required to pay.

	As of December 31, 2017		As of December 31, 2018		As of December 31, 2019		As of April 30, 2020	
	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	128,983	128,983	155,023	155,023	203,959	203,959	347,678	347,678
Bank loans	–	–	–	–	10,304	9,997	10,167	9,997
	128,983	128,983	155,023	155,023	214,263	213,956	357,845	357,675

We aim to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including advances from property management fees to meet our commitments. We are satisfied that our Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future in the normal course of our business.

Interest Rate Risk

Our interest rate risk arises primarily from bank loans. Borrowings issued at variable rates exposes us to cash flow interest rate risk.

Equity Price Risk

We are exposed to equity price changes arising from equity investments held for non-trading purposes, which is listed on the National Equity Exchange and Quotations of the PRC in 2019 and is held for long term strategic purposes.

DIVIDENDS AND DISTRIBUTABLE RESERVE

Dividends declared in 2017, 2018 and 2019 and the four months ended April 30, 2020 represented dividends declared by a company now being part of our Group to its equity holders for the respective periods. In 2017, 2018 and 2019, First Property Management declared dividend of nil, RMB5,454,000 and RMB161,914,000 and had fully settled the dividends by cash as of April 30, 2020. In the four months ended April 30, 2020, First Living declared and paid by cash a dividend of RMB18,000,000 to its shareholders.

Our Company did not declare any dividends during the Track Record Period. We have no present plan to pay any dividends to our Shareholders in the foreseeable future as we intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our Board is responsible for submitting proposals in respect of dividend payments, if any, to our Shareholders for approval at general meetings. A decision to declare any dividends and the amount of such dividends depend on various factors, including our results of operation, cash flows, financial condition, future business prospects, statutory and contractual restrictions on the payment of dividends by us and other factors that our Board considers relevant.

The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. The declaration and payment of future dividends will be subject to various factors, including but not limited to our results of operations, financial performance, profitability, business development, prospects, capital requirements and economic outlook. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Cayman Islands Companies Law, including the approval of our Shareholders.

Our Company was incorporated in the Cayman Islands and has not carried out any business since the date of its incorporation. Accordingly, our Company had no reserve available for distribution to our Shareholders as of April 30, 2020.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Developments

As compared to our total contracted GFA of approximately 27.0 million sq.m. as of April 30, 2020, as of the Latest Practicable Date our aggregate contracted GFA amounted to 32.0 million sq.m., including projects sourced from Modern Land Group with an aggregate contracted GFA of 15.9 million sq.m., projects sourced from other associates of our Controlling Shareholders with an aggregate contracted GFA of 3.2 million sq.m. and projects sourced from third-party developers with an aggregate contracted GFA of 12.9 million sq.m. Out of our aggregate contracted GFA as of the Latest Practicable Date, our aggregate GFA under management was 16.6 million sq.m., including projects sourced from Modern Land Group with an aggregate GFA under management of 10.0 million sq.m., projects sourced from other associates of our Controlling Shareholders with an aggregate GFA under management of 1.2 million sq.m. and projects sourced from third-party developers with an aggregate GFA under management of 5.4 million sq.m.

Subsequent to April 30, 2020 and up to the date of this prospectus, one of our newly-obtained green living solutions service engagements related to providing green technology consulting services to an Independent Third Party for a five-star hotel redevelopment project in Beijing. We would provide green technology consulting services for the duration of the hotel redevelopment project, extending for one central heating season and one central cooling season upon its completion, but up until no further than May 28, 2021. The total contract price for this service engagement amounted to RMB0.8 million. We believe such redevelopment projects represent milestones in our efforts to diversify our customer base and project portfolio, and are opportunities to showcase our skill in providing green living solutions. According to CIA, the PRC Government is expected to continue nurturing a friendly regulatory environment that will propel the growth of a green living solutions market open for development and consolidation by companies with know-how and experience. Demonstrating our ability to provide quality green technology consulting services will allow us to build our brand recognition among potential customers and take advantage of this industry growth driver. This was the second five-star hotel redevelopment project we secured in 2020.

Effects of the Outbreak of the Novel Coronavirus

Towards the end of 2019, a highly infectious novel coronavirus was identified and quickly spread globally and throughout China. The novel coronavirus is considered highly contagious. In response, measures such as travel restrictions have been imposed in major cities in China, as well as other countries and territories, in an effort to contain the outbreak. Due to the novel coronavirus outbreak, the delivery of one of our contracted projects in Wuhan city, Hubei province for property management was delayed from March 30, 2020 to June 20, 2020. Since we generally collect property management fees in person, we also experienced delays in the collection of property management fees while unprecedented mandatory quarantine and social distancing measures were being implemented by the PRC Government in early 2020. Furthermore, due to quarantine and social distancing measures, the sales and leasing offices we serviced in relation to 35 engagements were temporarily closed from February to April 2020, signifying that we were only able to station the minimum number of staff required for general upkeep and maintenance, as opposed to full capacity for the provision of sales assistance services. We also provided less home living and communal area leasing services during the four months ended April 30, 2020. Additionally, since property development and redevelopment projects were interrupted, our progress on a collective six out of 63 ongoing green technology consulting projects, systems installation projects and AIRDINO systems sales transactions as of April 30, 2020 were temporarily suspended for approximately one to three months.

We estimate that the aforesaid business disruptions brought by the outbreak of the novel coronavirus, including (i) the delay in the delivery of one of our contracted property management projects; (ii) the temporary closure of 35 sales and leasing offices; (iii) the decrease in the provision of home living and communal area leasing services; and (iv) the temporary suspension of certain of our projects under our green living solutions business line had reduced our revenue by approximately RMB14.3 million for the four months ended April 30, 2020. Despite the foregoing, our revenue for the four months ended April 30, 2020 increased as a result of our business expansion as compared to the same period in 2019. In addition, our trade receivable turnover days increased from 67 days for the year ended December 31, 2019 to 74 days for the four months ended April 30, 2020, which was partly attributable to the delay in collection of property management fees as a result of the outbreak of the novel coronavirus.

The outbreak has led us to implement various measures in our property management projects to prevent transmission of or mitigate exposure to the disease. We incurred expenses of RMB0.6 million for the four months ended April 30, 2020 in relation to the implementation of such measures. We constantly monitor the status of the novel coronavirus outbreak, as well as the various regulatory and administrative measures adopted by local governments, to prevent and control the pandemic. Since the outbreak of the novel coronavirus and up to the Latest Practicable Date, we did not encounter any material disruption to our business operations and supply chain, nor any termination of our property management contracts and green living solutions engagements. We also did not experience any labor shortages. As of the date of this prospectus, we were gradually resuming the pace of property management fee collection, particularly as quarantine and social distancing measures were relaxed amid more effective control of the novel coronavirus outbreak in China. We had also resumed performing our obligations for all but one of the green living solutions engagements that were temporarily suspended in the four months ended April 30, 2020 (which is expected to resume by October 2020 and has a contract price of RMB3,080,000), were once again able to staff all of our sales and leasing offices at full capacity since May 2020, and were gradually increasing our provision of home living and communal area leasing services. Given the above and on the assumption that novel coronavirus outbreak in PRC will continue to stabilize, we expect that the temporary business disruptions brought by the outbreak are unlikely to materially and adversely impact our operations and financial performance for the year ending December 31, 2020. Furthermore, according to CIA, although the outbreak of the novel coronavirus is expected to cause certain short-term economic slowdown across China, it is unlikely to affect regional macroeconomic development in the long term. CIA has also projected that the novel coronavirus outbreak is expected to have limited impact on the PRC property management industry, as (i) while the PRC property development industry may be negatively impacted by the outbreak of the novel coronavirus, given the continuous rise in the urban population and urbanization rate in China, there will continue to be demand for residential and commercial properties and related property management services, particularly once the outbreak has been effectively controlled; (ii) since the pandemic is not expected to affect GFA under management and property management fee rates, it is unlikely to affect the size of the existing PRC property management market; and (iii) property construction and sales activities that were delayed have gradually resumed since measures taken by the PRC Government have mitigated the spread of the novel coronavirus. For more information on the effects of the novel coronavirus outbreak on our business, see "Business — Effects of the Outbreak of the Novel Coronavirus on our Business Operations" and "Risk Factors — Risks Relating to our Business and Industry — We face certain risks associated with the outbreak of the novel coronavirus".

Up to the Latest Practicable Date, we were not aware of any material adverse effects on our financial statements as a result of the novel coronavirus. Furthermore, after consulting with Modern Land Group, to the best knowledge of our Directors, the novel coronavirus outbreak has not had any adverse material impact on Modern Land Group which may lead to material delays in project delivery schedules or affect our ability to acquire new projects. Based on the above, we do not expect that the outbreak of the novel coronavirus would have any material adverse impact on our business and results of operations for the year ending December 31, 2020. For more information, see "— Recent Development and No Material Adverse Change — No Material Adverse Change" and "— Liquidity and Capital Resources — Working Capital Sufficiency" in this section.

We estimate that, in the unlikely event 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 novel coronavirus outbreak, based on the assumptions below and except that there would be 10% of the net proceeds from the Global Offering as allocated for working capital, our Group will remain financially viable for over ten months. Our key assumptions of the worst case scenario where our business is forced to be suspended due to the novel coronavirus mainly include: (i) we will not generate any income due to the suspension of business; (ii) we will incur one-month staff cost to dismiss front line staff assuming no mutual consent to take unpaid leave is obtained from them; (iii) trade receivables are generally settled consistently with historical patterns; (iv) trade payables are settled upon their due dates; (v) minimal operating and administrative expenses will be incurred to maintain our operations at a minimum level (including administrative staff cost, basic head office maintenance cost, utilities expenses, rental related payments) that are paid monthly; (vi) the expansion plan is delayed under such condition; and (vii) there will be no further internal or external financing from Shareholders or financial institutions. This extreme situation may or may not occur. Our analysis is for illustrative purpose only and our Directors currently assess that the likelihood this extreme situation may occur is remote. As the actual impact from the novel coronavirus outbreak will depend on its subsequent development, it is possible that any impact on our Group may be beyond the control of our Directors and that of our estimation and assessment.

No Material Adverse Change

Based on our preliminary internal data, our business operations remained stable after the Track Record Period. Our revenue for the eight months ended August 31, 2020 was approximately 13.0% higher in comparison to our revenue for the same period in 2019, which was primarily attributable to our continuing increase in under management and property management projects. As of August 31, 2020, our GFA under management amounted to 16.9 million sq.m. in relation to 110 property management projects, in comparison to our GFA under management of 12.5 million sq.m. in relation to 86 property management projects as of August 31, 2019.

After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since April 30, 2020 (being the date to which our Company's latest combined audited financial results were prepared), and there has been no event since April 30, 2020 which would materially affect the information shown in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

For details of our unaudited pro forma adjusted combined net tangible assets, see Appendix II to this prospectus.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

For more information on our future plans, see “Business — Our Business Strategies”.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$485.5 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$2.16 per Share (being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus) and that the Over-allotment Option is not exercised. We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

Major categories	Percentage of total proceeds	Amount of proceeds	Sub-categories	Percentage of total proceeds invested into the category	Milestones/ Specific Plans	Total estimated investment	Timeframe: October to December 2020	Timeframe: January to December 2021	Timeframe: January to December 2022	Timeframe: January to December 2023
		(HK$ in millions)				(HK$ in millions)	(HK$ in millions)			
Strategic acquisitions or investments in property management companies	50.0%	242.8		50.0%	Completed acquisition of at least three small and medium-sized property management companies that we, based on familiarity with our industry and its developments, believe to be gaining repute in their respective regions and have significant growth potential	242.8	–	121.4	60.7	60.7

Major categories	Percentage of total proceeds	Amount of proceeds	Sub-categories	Percentage of total proceeds invested into the category	Milestones/ Specific Plans	Total estimated investment	Timeframe October to December 2020	January to December 2021	January to December 2022	January to December 2023
		(HK$ in millions)				(HK$ in millions)	(HK$ in millions)			
Invest in energy operation projects and obtain energy operation rights	20.0%	97.1		20.0%	Invested in energy operation projects that our key objective criteria	97.1	–	24.3	36.4	36.4
Research and develop green technologies	5.0%	24.2	Upgrade AIRDINO No. 1 and No. 2	1.0%	Upgraded AIRDINO No. 1 and No. 2 to incorporate, among others, high-efficiency filtering materials, high-efficiency VOC-removal materials, enhanced noise insulation systems	4.9	0.8	1.8	1.5	0.8
			Upgrade AIRDINO No. 3	2.0%	Upgraded AIRDINO No. 3 to incorporate, among others, high-efficiency heat recovery fresh air units, single-channel smoke and air supply units	9.7	1.0	3.3	2.7	2.7
			Research cross-seasonal energy storage capabilities in connection with ground-source heat pump systems	0.75%	Attained the ability to make certain ground-source heat pump well layout and systems installation calculations	3.6	0.1	0.6	2.6	0.3
			Research automated means of operating energy stations through IoT systems, big data and AI technologies	1.25%	Enhanced control and operational procedures by integrating the use of modular control cabinets	6.0	0.6	1.6	3.6	0.2

Major categories	Percentage of total proceeds	Amount of proceeds	Sub-categories	Percentage of total proceeds invested into the category	Milestones/ Specific Plans	Total estimated investment	Timeframe			
							October to December 2020	January to December 2021	January to December 2022	January to December 2023
		(HK$ in millions)				(HK$ in millions)	(HK$ in millions)			
Develop our intelligent community and enhance our information technology systems	10.0%	48.6	Upgraded our internal systems	1.0%	(i) Upgraded our online systems for handling repairs and maintenance requests from customers, filing records and finance and accounting; and (ii) completed the first-stage launch of our Housekeeper's Mobile Application (職員APP)	4.9	2.5	1.2	0.6	0.6
				0.225%	Upgraded our online platform for managing the "400" national service hotline	1.1	0.55	0.36	0.13	0.07
				1.325%	Established an internal shared financial management platform, an internal shared human resources platform and a supply management platform	6.5	3.7	1.2	1.0	0.6
				0.25%	Established our "Strategy Analysis Platform" (決策分析平台) that automatically collates, analyzes and presents group-wide financial and operational data	1.2	0.3	0.3	0.3	0.3

Major categories	Percentage of total proceeds	Amount of proceeds	Sub-categories	Percentage of total proceeds invested into the category	Milestones/ Specific Plans	Total estimated investment	Timeframe: October to December 2020	Timeframe: January to December 2021	Timeframe: January to December 2022	Timeframe: January to December 2023
		(HK$ in millions)				(HK$ in millions)		(HK$ in millions)		
			Develop our intelligent community	0.5%	Launched a multi-functional online platform for property owners and residents integrating functions such as public notifications, bulk purchase coordination, online shopping, repairs and maintenance requests, payment of property management fees and intelligent entry control	2.4	1.1	0.5	0.4	0.4
				6.7%	Integrated software and hardware upgrades to enhance service quality and operating efficiency, including the establishment of IoT platforms for centralized coordination and oversight of (i) security in residential communities and access control; (ii) energy data collection; and (iii) detecting malfunctioning or other security issues in relation to our energy data collection systems	32.5	15.2	8.7	5.2	3.4

Major categories	Percentage of total proceeds	Amount of proceeds	Sub-categories	Percentage of total proceeds invested into the category	Milestones/ Specific Plans	Total estimated investment	Timeframe			
							October to December 2020	January to December 2021	January to December 2022	January to December 2023
		(HK$ in millions)				(HK$ in millions)	(HK$ in millions)			
Attracting and nurturing talent	5.0%	24.2	Expand hiring and recruitment initiatives under our "Talented Leaders Scheme" (將才計劃) and "Talented Apprentice Scheme" (匠才生計劃)	2.5%	Expanded our budget for hiring approximately 12 senior-level employees, by approximately HK$12.1 million	12.1	NA			
				0.55%	Expanded our budget to leverage recruitment channels, such as headhunters, online job banks, industry summits and job fairs, by HK$2.6 million	2.6	NA			
				1.125%	Expanded our budget for enhancing our Talented Apprentice Scheme and hiring approximately 40 graduates, by HK$5.5 million	5.5	NA			
			Supplement our existing training programs	0.2%	Invested in the development of an online training platform for our employees, by HK$1.0 million	1.0	NA			
				0.625%	Expanded our budget for internal training, by HK$3.0 million	3.0	NA			
General business operations and working capital	10.0%	48.6		10.0%		48.6	NA			

The above allocation of the net 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.

If the Offer Price is determined at HK$2.46 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$72.8 million, after deduction of underwriting fees and commissions and estimated expenses in connection with the Global Offering.

If the Offer Price is determined at HK$1.86 per Offer Share, being the lower end of the indicative Offer Price range stated in this prospectus, the reduction in net proceeds will be of approximately HK$72.7 million, after deduction of underwriting fees and commissions and estimated expenses in connection with the Global Offering.

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 accounts with licensed financial institutions. Our Company may adjust its plans in response to changing market conditions and, thus, reallocate the use of the net proceeds. We will make a formal announcement in the event that there is any material 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.

PLANS FOR ACQUISITIONS OF AND INVESTMENTS IN PROPERTY MANAGEMENT COMPANIES

Our intention to apply 50.0%, or HK$242.8 million, towards strategic acquisitions of and investments in property management companies is in line with our past and future business strategies. We believe that strategic acquisitions of and investments in property management companies would allow us to (i) diversify our service offerings and customer base, (ii) expand our geographic presence, market share, property management portfolio, and (iii) realize economies of scale. To achieve these goals, we acquired Xi'an Shengling Boxing Property Management Service Co., Ltd. (西安盛領博興物業管理服務有限公司) ("**Xi'an Shengling**") in September 2015 and made active business development efforts to secure property management service engagements throughout China during the Track Record Period. As we believe acquiring Xi'an Shengling expanded our geographic presence and customer base, going forward we would like to pursue strategic acquisition and investment opportunities to the same effect. In addition, according to CIA, as the property management industry grows increasingly concentrated, competition has also become more intense. Large-scale property management companies are adapting to the competitive landscape by seeking to improve their strategic layout and accelerate their expansion by pursuing organic growth and mergers and acquisitions. For more information on our plans to expand the scale of our property management business, see "Business — Our Business Strategies — Continue to expand the scale of our property management business through multiple channels".

During the Track Record Period, we established internal workflow procedures for identifying and evaluating potential targets, which involve participation from various internal departments. These include the Strategy Development Center, the Financial Planning and Investment Center, the Property Management Center and the Project Management Center. Members of these internal departments would participate and provide feedback on the target selection process, which involves stringent approval systems and procedures for reviewing due diligence results and investment proposals. Based on the results of their preliminary assessments and feasibility studies, our Directors are of the view that there are suitable targets available in the market, although we have not identified or committed to any for applying our net proceeds from the Global Offering. Furthermore, according to CIA, the PRC property management industry remains fragmented even while maintaining a trend of increasing concentration towards the Top 100 Property Management Companies. This supports our conclusion that there continues to be a variety of targets available, and underscores the need for us to acquire and invest in property management companies so as to develop in line with this industry trend. In pursuing strategic acquisitions and investments, we aim to continue growing our standing and market share within the Top 100 Property Management Companies. For more information, see "Industry Overview — The PRC Property Management Industry — Trends and Challenges in the PRC Property Management Industry — Increasing Market Concentration".

Although our Directors had not identified or committed to any suitable targets for applying our net proceeds from the Global Offering as of the Latest Practicable Date, they have identified certain criteria based on our research, working knowledge of the property management industry, preliminary assessments and feasibility studies undertaken throughout the Track Record Period and up to the date of this prospectus. We intend to acquire or invest in property management companies that we believe to be gaining repute in their respective regions and have significant growth potential. Objective criteria we will take account of include: (i) having an aggregate GFA under management of at least 2.0 million sq.m., (ii) having achieved net profits of no less than RMB5.0 million in the most recent fiscal year, (iii) charging property management fees higher than the market average, (iv) ownership of facilities and equipment in good working condition, and (v) having no material non-compliance issues or other legal risks in the past few years. As advised by CIA, with approximately 130,000 players in the PRC property management industry in 2019, there should be a sufficient number of suitable targets available that meet our Company's criteria. We believe our brand recognition as a provider of property management services and green living solutions allows us to compete with other bigger industry players in acquiring or investing in property management companies. Our brand value has been enhanced by the fact that CIA recognized us as a "China Green Technology Innovative Property Management Enterprise" (中國綠色科技物業創新企業) in each of the three years between 2018 and 2020. For our potential target property management companies, the possibility of being associated with us will better position them to take advantage of industry trends related to energy conservation, and environmental awareness. We will select potential targets with a view to consolidating our market presence and expanding our geographic coverage. While prioritizing potential targets headquartered in cities where we already have property management projects, we are also particularly interested in those located in provincial capitals in the Pearl River Delta and Yangtze River Delta Regions. We intend to acquire at least one property management company in each of 2021, 2022 and 2023, and estimate that the dynamic payback period in relation to our acquisitions will range from six to eight years.

Furthermore, based on a conservative estimate that there were at least 10,000 property development companies in China as of the end of December 31, 2019, CIA has projected there were at least 110,000 property management companies in the industry that were not affiliated with property developers. Such property management companies may be more receptive to our acquisition or investment efforts, as support from us as a listed property management company and Modern Land Group may enhance their ability to compete. CIA has noted that acquiring or investing in property management companies affiliated with property developers is also common practice within the industry.

Valuation Basis

We determine how much we are willing to pay for a potential target's shares primarily by referring to its price-earnings ratio. As of the Latest Practicable Date, we had not identified or committed to any acquisition or investment targets. In the event that we do, and the net proceeds raised from the Global Offering are insufficient, we intend to fund the remaining amount with cash generated from operations, commercial bank loans and/or funding derived from non-bank financial institutions (such as private equity and acquisition funds).

INVEST IN ENERGY OPERATION PROJECTS AND OBTAIN ENERGY OPERATION RIGHTS

Our intention to apply 20.0%, or HK$97.1 million, towards investing in energy operation projects and obtaining energy operation rights is in line with our past business strategies of expanding our third-party customer base, service offerings, geographic presence, market share and project portfolio. During the Track Record Period, we consistently sought to develop our green living solutions business line, of which our energy operation services are an integral part, as we believe our green living solutions are key to our revenue structure and mission to build comfortable and green living communities. During the Track Record Period, we acquired three energy operation projects in Qihe, Shandong province (the "**Qihe Projects**") that we subsequently disposed of in the four months ended April 30, 2020. We disposed of those energy operation projects because our vendor failed to provide the approval documents and construction certificates we needed to apply for a Heating Business License (供熱經營許可).

Our primary means of obtaining energy operation rights are as follows:

Means	Condition(s)	Specific investment actions (if any)
Being hired as an energy operation service provider	• Energy station already exists or is under construction, and energy station equipment is or will be owned by the property developer/ property owner(s) throughout the term of our energy operation right.	• Investments are made by the owner of the energy station and/or our customer who hired us as their energy operation service provider.
Investing in energy operation projects	• Energy station already established, and we will own the energy station equipment throughout the term of our energy operation right.	• We invest in the entire energy operation project through making a lump sum payment, which includes the costs of existing energy station equipment and the energy operation right. We will also purchase new and/or upgraded energy station equipment.
	• Energy station under planning and not yet established, and we will own the energy station equipment throughout the term of our energy operation right.	• We invest in the entire energy operation project through paying for the construction and installation work to establish the energy station, and new and/or upgraded energy station equipment, in exchange for the energy operation right.

During the Track Record Period, being hired as an energy operation service provider was our primary means of obtaining energy operation rights. Going forward, we intend to apply our net proceeds from the Global Offering toward the cost of investing in energy operation projects (e.g. by establishing the energy station or purchasing energy station equipment). We did not need to invest in energy operation projects to obtain energy operation rights in 2017, 2018, 2019 and the four months ended April 30, 2020, primarily because all our revenue from providing energy operation services was generated from projects sourced from Modern Land Group and other associates of our Controlling Shareholders (apart from the revenue generated from the Qihe Projects). Modern Land Group and other associates of our Controlling Shareholders had already invested in the energy stations and owned the relevant energy stations or energy station equipment for which they hired us to provide energy operation services. To expand our customer base for energy operation services, we foresee the need to invest in energy operation projects in exchange for energy operation rights held by Independent Third Parties.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any suitable investment targets. We expect the net proceeds from the Global Offering will broaden the range of energy operation projects we may choose from by expanding our investment budget. The energy operation rights we would secure through investing in energy operation projects would generally have terms of at least ten years, throughout which we would own the energy station equipment. Our investment in energy operation projects may be made by (i) paying a lump sum payment that includes the costs of the energy operation right and existing energy station equipment, or (ii) paying for necessary construction and installation work and new and/or upgraded energy station equipment in exchange for the energy operation right. Under both investment methods, we will not incur any separate cost for the energy operation right. We would not be granted ownership of the energy station equipment if we secured the energy operation rights by being hired as an energy operation service provider. Regardless of the manner in which we obtained our energy operation projects, and whether or not we have ownership rights to the energy station equipment, we do not own property rights to the land or buildings relating to the energy stations.

We established internal workflow procedures for identifying and evaluating potential energy operation projects to invest in and obtain energy operation rights during the Track Record Period, which involve participation from various internal departments. These include the Strategy Development Center, the Financial Planning and Investment Center, the Research and Development Center, the Energy Operation Center and the Green Technology Living Service Center. Based on the results of their preliminary assessments and feasibility studies, our Directors are of the view that suitable energy operation projects for investing in and obtaining energy operation rights are available in the market, the number of which will continue to grow. We also believe our know-how and experience with providing energy operation services will aid us in identifying suitable energy operation projects. The types of properties that may require privately-provided energy operation services are not limited to “green buildings”. They include buildings in the southern and northern regions of China whose central heating and/or central cooling needs have not been covered by government-operated centralized heating systems. As of the end of 2019, government-operated centralized heating covered approximately 41.8% of the total market size of the property management industry (in terms of GFA). There are no government-operated centralized heating systems in the southern regions of China. Even where properties in the northern regions are already covered by government-operated centralized heating systems, property owners may have needs beyond basic utilities that can only be fulfilled through privately-operated energy stations. For example, certain property owners may prefer to use energy stations with systems such as ground-source heat pump and ceiling radiation systems, as they can be operated to maintain ideal indoor temperatures, humidity levels and air circulation. Other property developers and property owners may also wish to hire energy operation service providers because privately-operated energy stations offer an environmentally-sustainable alternative to government-operated centralized heating systems. Additionally, CIA expects that demand for privately-provided energy operation services in non-residential properties such as shopping malls, commercial complexes and hotels in China will grow as property developers seek to utilize the most advanced energy system technologies in their initial construction or subsequent redevelopment. The promulgation of laws and policies regarding energy conservation has also had the effect of generating interest in privately-provided energy operation services. For example, the "Northern Region Winter Clean Heating Plan (2017-2021)" (北方地區冬季清潔取暖計劃(2017-2021)) promulgated in 2017 declared that by 2021, 70.0% of central heating in the northern region should be conducted through methods that utilize clean energy, such as energy stations that leverage ground-source heat pump and ceiling radiation systems. Only 50.0% of central heating in the northern region was provided through clean energy in 2019.

According to CIA, there has been rising demand for privately-provided energy operation services in recent years. We believe investing in energy operation projects and obtaining energy operation rights will allow us to take advantage of these industry trends, and position ourselves towards market leadership by developing and consolidating the energy operation services market while it is small and fragmented. For more information, see "Industry Overview — Green Living Solutions — Growth Drivers in the Green Living Solutions Market".

Certain key objective criteria we will use to evaluate potential energy operation projects include: (i) location, with a preference for energy stations located in first- and second-tier cities and suburban areas, and servicing residential communities with generally higher fee collection rates, (ii) size and type, with a preference for energy stations that have an operating GFA of at least 10,000 sq.m. and support public facilities such as universities, hospitals, hotels and government buildings, and (iii) having the ability to generate cash inflow by the second year of operation. We will prioritize cities in the Beijing-Tianjin-Hebei Region and Changsha, Wuhan, Zhengzhou, Xi'an and Hefei in selecting energy operation projects. The monetary amount we invest into energy operation projects will depend on the extent to which its energy systems and other related machinery and equipment need to be upgraded. As the specific circumstances pertaining to each energy operation project vary, and are distinct from each other in terms of location, size, type of property and other characteristics, our investment amounts into each energy operation project will also be different. The number of energy operation projects we invest in going forward will be limited by the monetary amounts we have set aside for implementing this business strategy in each of the three financial years ending December 31, 2023. Additionally, the investment amounts we pay for our energy operation projects will include various costs related to purchasing energy operation rights, purchasing energy station equipment and/or paying for any necessary construction or installation work. The allocation of each type of cost within the total investment amount will be influenced by the actual circumstances of the energy operation project. However, we will begin offsetting such costs as soon as we also begin providing energy operation services and generating net profits from the collection of energy operation service fees. While evaluating potential investment targets, we will prioritize profitable energy operation projects that fulfill our selection criteria and are likely to continue generating net profits. We estimate that the dynamic payback period in relation to our investments will be no more than five years.

For more information on our strategy to invest in energy operation projects and obtain energy operation rights, see "Business — Our Business Strategies — Invest in energy operation projects and obtain energy operation rights".

RESEARCH AND DEVELOP GREEN TECHNOLOGIES

The following table sets forth the major components on our usage of net proceeds for research and development of green technologies:

Milestone/Specific plans	Major components	Amount
		HK$ in millions
Upgraded AIRDINO No. 1 and No. 2	• Purchasing testing equipment and AIRDINO systems components	1.2
	• Producing product samples	2.0
	• Hiring engineers	0.6
	• Subcontracting the development of software for remote control of our AIRDINO systems and other IoT platforms	0.7
	• Testing, involving costs related to installation, delivery and assembly	0.4
		4.9
Upgraded AIRDINO No. 3	• Purchasing testing equipment and AIRDINO systems components	0.2
	• Producing samples of HVAC systems for especial use in passive houses, and constructing passive houses as testing sites	4.7
	• Hiring designers and engineers	2.1
	• Subcontracting the development of smart screens for centralized command of the AIRDINO No. 3 passive house system	2.4
	• Testing, involving costs related to installation, delivery and assembly	0.3
		9.7

Milestone/Specific plans	Major components	Amount
		HK$ in millions
Attained the ability to make certain geothermal heat pump well layout and systems installation calculations	• Purchasing TRNSYS and other software necessary for geothermal heat transfer simulations and calculations	0.3
	• Constructing sandbox sites (砂箱測試台) and project models to test calculations and related theories	2.2
	• Hiring engineers	1.0
	• Preparing and submitting patent applications	0.1
		3.6
Research automated means of operating energy stations through IoT systems, big data and AI technologies	• Purchasing advanced information technology equipment and programs necessary for our research and development work, including computers, cloud servers, and high-performance workstations	0.5
	• Building control cabinets, including costs related to design, testing and assembly	4.0
	• Hiring engineers who can devise codes for achieving automatic operation of energy stations	1.4
	• Preparing and submitting software copyright registrations	0.1
		6.0

DEVELOP OUR INTELLIGENT COMMUNITY AND ENHANCE OUR INFORMATION TECHNOLOGY SYSTEMS

The following table sets forth the major components on our usage of net proceeds for developing our intelligent community and enhancing our information technology systems:

Sub-categories	Milestones/Specific plans	Major components	Amount
			HK$ in millions
Upgraded our internal systems	(i) Upgraded our online systems for handling repairs and maintenance requests from customers, filing records and finance and accounting; and (ii) completed the first-stage launch of our Housekeeper's Mobile Application (職員APP)	• Purchasing (i) software systems and internet equipment (e.g. software programs, source codes, user licenses, servers and firewalls); and (ii) third-party platforms and services (e.g. Alibaba Cloud SMS)	2.5
		• Subcontracting the development and implementation of software, which covers related technology support	2.3
		• Preparing and submitting software copyright and trademark registrations	0.1
			4.9
	Upgraded our online platform for managing the "400" national service hotline	• Purchasing (i) software systems and internet equipment; and (ii) computer telephony integration servers	0.6
		• Subcontracting the development and implementation of software, which covers related technology support	0.5
			1.1

Sub-categories	Milestones/Specific plans	Major components	Amount
			HK$ in millions
	Established an internal shared financial management platform, an internal shared human resources platform and a supply management platform	• Purchasing software systems and internet equipment	3.7
		• Subcontracting the development and implementation of software, which covers related technology support	2.8
			6.5
	Established our "Strategy Analysis Platform" (決策分析平台) that automatically collates, analyzes and presents group-wide financial and operational data	• Purchasing software systems, as well as internet and other hardware equipment	0.7
		• Subcontracting the development and implementation of software, which covers related technology support	0.4
		• Preparing and submitting software copyright registrations	0.1
			1.2
Develop our intelligent community	Launched a multi-functional online platform for property owners and residents integrating functions such as public notifications, bulk purchase coordination, online shopping, repairs and maintenance requests, payment of property management fees and intelligent entry control	• Purchasing (i) software systems and internet equipment; and (ii) third-party platforms and services	1.2
		• Subcontracting the development and implementation of software, which covers related technology support	1.1
		• Preparing and submitting software copyright and trademark registrations	0.1
			2.4

Sub-categories	Milestones/Specific plans	Major components	Amount
			HK$ in millions
	Integrated software and hardware upgrades to enhance service quality and operating efficiency, including the establishment of IoT platforms for centralized coordination and oversight of (i) security in residential communities and access control; (ii) energy data collection; and (iii) detecting malfunctioning or other security issues in relation to our energy data collection systems	• Purchasing upgraded (i) facilities for access control and surveillance; (ii) facilities for intelligent parking management; (iii) energy data collection systems and IoT integration platforms that facilitate automatic uploading of energy data; and (iv) equipment for detecting malfunctioning or other issues in relation to energy data collection systems	20.7
		• Engaging subcontractors for technology support, systems implementation services and software and hardware systems integration services	11.7
		• Preparing and submitting software copyright registrations	0.1
			32.5

As advised by our PRC Legal Advisor, we need an ICP license in connection with the multi-functional online platform we intend to establish for property owners and residents, as services provided through the online platform will involve the provision of commercial internet information services under the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法). We intend to cooperate with a third party that possesses such an ICP license, or apply for and obtain an ICP license by ourselves as and when allowed by PRC laws and regulations. Prior to launching our multi-functional online platform, we will timely consult with our PRC Legal Advisor and the relevant PRC government authorities to ensure that it will be operated in a manner that complies with the then prevailing PRC laws and regulations.

ATTRACTING AND NURTURING TALENT

A core element of our plans to attract and nurture talent is to invest HK$12.1 million in hiring approximately 12 senior-level employees. We are confident that by bringing in more professionals with industry experience and expertise, we will bring in new perspectives and supplement our skills. The following table sets forth further details of our hiring plans, including positions, departments to be assigned, qualifications required and expected salary range:

Position	Number	Department	Qualifications required	Expected salary range
				HK$ in millions
Chief operations officer	One	Office of the President	More than 15 years of experience in property management-related business operations, experience with managing property management companies ranked in the top 30 by CIA in terms of overall strength	1.7 – 2.1
Deputy general manager	One	Management Center	More than 15 years of management experience, with strong quality control and management and operation skills	1.4 – 1.6
Deputy chief engineer	One	Energy Operation Center	Strong capabilities in the research and development, innovation in and operation of energy systems	1.1 – 1.4
Market development manager	One	Strategy Development Center	Strong market development skills with rich networking resources	0.6 – 0.8
Chief engineer of technological research and development	One	Research and Development Center	More than 15 years of experience in research and development related to "green buildings", EPC projects and energy operation services	0.7 – 1.0
Operations manager	One	Property Management Center	Strong operation and management skills	0.6 – 0.8
Customer service manager	One	Property Management Center	More than ten years of experience in professional customer service	0.6 – 0.8
Service quality manager	One	Management Center	More than ten years of experience in quality management and control	0.6 – 0.8
Regional branch managers	Four	Project Management Center	More than five years of project management experience, with strong management skills and rich regional networking resources	0.5 – 0.7
				9.3 – 12.1

RISKS, BASIS AND ASSUMPTIONS

According to CIA, although the outbreak of the novel coronavirus is expected to cause certain short-term economic slowdown across China, it is unlikely to affect regional macroeconomic development in the long term. CIA has also projected that the novel coronavirus outbreak is expected to have limited impact on the PRC property management industry, as (i) while the PRC property development industry may be negatively impacted by the outbreak of the novel coronavirus, given the continuous rise in the urban population and urbanization rate in China, there will continue to be demand for residential and commercial properties and related property management services, particularly once the outbreak has been effectively controlled; (ii) since the pandemic is not expected to affect GFA under management and property management fee rates, it is unlikely to affect the size of the existing PRC property management market; and (iii) property construction and sales activities that were delayed have gradually resumed since measures taken by the PRC Government have mitigated the spread of the novel coronavirus. Based on the above, our Directors believe our various expansion plans are feasible, and it is unlikely we would change the use of our proceeds from the Global Offering for other purposes as a result of the novel coronavirus outbreak.

Our property management business is, and will likely continue to be, susceptible to changes in the regulatory landscape of the PRC property development industry. For example, the PRC Government has tightened measures on property developers' selling and fundraising activities, leading to the cooling off of the PRC property market and the deteriorating sales performance of certain large PRC property developers. To the extent this leads to slower delivery of GFA under management or growth in the market for property management services, we may experience restrictions in our development and expansion efforts as well as negative impact on our business, financial position and results of operations. For more information, see "Risk Factors — Risks Relating to our Business and Industry — We are susceptible to changes in the regulatory landscape of the PRC property development industry". However, we believe these regulatory developments are unlikely to significantly impact our Group and the feasibility of our business strategies and expansion plans. For one, the PRC Government has issued directives that generate additional demand for property management companies committed to environmental protection. In October 2019, the NDRC promulgated the "Master Plan of Action for Forging Green Living Lifestyles" (綠色生活創建行動總體方案), encouraging the increased application of and innovation in technology, renewable energy and building materials to facilitate energy conservation in property development. This policy set forth the goal that by 2022, the GFA of "green buildings" should be at least 60% of the total GFA of newly developed properties in various PRC towns and cities. In addition, in July 2020, MOHURD, the NDRC, the Ministry of Education of the PRC (中華人民共和國教育部), the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), the PBOC, the National Government Offices Administration (國家機關事務管理局) and the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) jointly promulgated the "Notice Regarding the Action Plan for Green Building Construction Issued by the Seven Departments" (關於印發綠色建築創建行動方案的通知), which mandated that GFA for "green buildings" should account for at least 70% of the GFA of newly-developed properties by 2022, and reiterated the commitment to continue pushing for the rapid development of "green buildings". According to CIA, the percentage of new GFA under development in China relating to the construction of "green buildings" was 45.0% in 2019. We believe we are well-positioned to meet the continuing demand for property management companies committed to environmental protection. Property developers will also continue requiring quality property management services, which, as confirmed by CIA, may effectively enhance the value of their developed properties and their brand name. Furthermore, we devised our business strategies with a view to minimizing the effects of regulatory changes in the property development industry on our business. We are seeking to diversify our revenue sources and expand our project portfolio, market share and geographic presence independently of property developers by acquiring or investing in property management companies and energy operation projects.

The feasibility of our business strategies and expansion plans is also based on the following general assumptions:

- During the period to which our future plans relate, we will have sufficient financial resources to meet our planned capital expenditures and implement our business development initiatives;

- There will be no material changes in the funding requirements for each of our future plans described in this prospectus from the amount as estimated by our Directors;

- We will continue to retain key employees, customers, suppliers and subcontractors that we believe contributed to our financial results and other accomplishments during the Track Record Period;

- There will be no changes in the effectiveness of, nor in our ability to renew, the licenses, permits and qualifications obtained by our Group;

- There will be no material changes in the bases or rates of taxation applicable to our business operations;

- There will be no material changes in existing laws and regulations, or other government policies related to our Group and our business, or in the political, economic or market conditions in which we operate;

- Our business operations, including our future plans, will not be materially interrupted by any *force majeure* events or changes in the economic landscape with respect to inflation, interest rates and tax rates in China;

- We will not be materially affected by the risk factors as described in "Risk Factors";
- The Global Offering will be completed in accordance with and as described in "Structure and Conditions of the Global Offering"; and
- There will be no disasters, natural, political or otherwise, which could materially disrupt our business operations. For more information, see "Risk Factors — Risks Relating to our Business and Industry — We are subject to risks beyond our control relating to epidemics, acts of terrorism, wars or other natural or man-made calamities in China and globally".

HONG KONG UNDERWRITERS

Haitong International Securities Company Limited
China Industrial Securities International Capital Limited
BOCI Asia Limited
Futu Securities International (Hong Kong) Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 25,000,000 Hong Kong Offer Shares and the International Offering of initially 225,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and certain other conditions set forth in the Hong Kong Underwriting Agreement being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. on the Listing Date.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination by notice (orally or in writing) from the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and the Sole Sponsor, at any time prior to 8:00 a.m. on the Listing Date if:

(1) there develops, occurs, exists or comes into effect:

(a) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, the United Kingdom or any member of the European Union (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**"); or

(b) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets, and credit markets) in or affecting any of the Relevant Jurisdictions or elsewhere; or

(c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in, securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the American Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at federal or New York State level or other competent authority), London, the PRC, the Cayman Islands, the BVI, the European Union (or any member thereof) or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or

(e) any new law or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent authorities of, existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(f) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions, or any other member of our Group, except where such sanctions or failure to be so qualified would not, individually or in the aggregate, result in a Material Adverse Change; or

(g) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the United States dollar, Euro, Hong Kong dollar or Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdiction; or

(h) any Proceedings of any third party being threatened or instigated against any member of our Group, any Director or any Controlling Shareholder which is likely to have a material adverse effect; or

(i) an executive or a non-executive Director being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(j) the chairman, chief executive officer or any executive or non-executive Director of our Company vacating his/her office; or

(k) an authority or a political body or organization in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group, any executive or non-executive Director or any director of any member of our Group or the Controlling Shareholders; or

(l) a contravention by any member of our Group or any executive or non-executive Director on the Companies Ordinance, the SFO or the Listing Rules or applicable Laws in any material respect; or

(m) a prohibition on our Company for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares pursuant to the terms of the Global Offering; or

(n) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(o) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Hong Kong Stock Exchange and/or the SFC without the prior consent of the Sole Sponsor and the Sole Global Coordinator; or

(p) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(q) any material adverse change or prospective material adverse change in the earnings, results of operations, business, business prospects, financial or trading position, conditions (financial or otherwise) or prospects of any member of our Group; or

(r) any change, development or event involving a prospective change, or a materialization, of any of the risks set forth in "Risk Factors"; or

(s) an order or petition is presented for the winding up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group or its material assets or undertaking,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and the Sole Sponsor:

(A) has or will have or is likely to have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, results of operations, financial or trading position or condition, or performance and prospects of our Group 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 or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or dealings in the Offer Shares in the secondary market; or

(C) makes or will make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to be performed or implemented as envisaged or to market the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the Prospectus, the Application Forms, the Formal Notice, the Preliminary Offering Circular or the Final Offering Circular; or

(D) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Sole Global Coordinator, the Hong Kong Underwriters and the Sole Sponsor:

(a) that any material statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions, when taken as a whole; or

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(c) either (i) there has been a breach of any of the representations, warranties, undertakings or provisions of either this Agreement or the International Underwriting Agreement by our Company or the Controlling Shareholders (other than any breach thereof by the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Hong Kong Underwriters or the International Underwriters) or (ii) any of the representations, warranties and undertakings given by the Warrantors in this Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect, incomplete or misleading; or

(d) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties under the Hong Kong Underwriting Agreement; or

(e) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, properties, business, management, prospects, shareholders' equity, profits, losses, results of operations, financial or trading position or condition, or performance of our Group taken as a whole, whether or not arising in the ordinary course of business, as determined by the Sole Global Coordinator in its sole and absolute discretion; or

(f) the Admission is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(g) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(h) any of the experts described under "Appendix IV — Statutory and General Information — E. Other Information — 5. Qualification of Experts" to this prospectus (other than the Sole Sponsor) has withdrawn its respective consent to the issue of the prospectus with the inclusion of its reports, letters, and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(i) any person (other than the Sole Sponsor) has withdrawn or its subject to withdrawal of its consent to being named in any of the offering documents or to the issue of any of the offering documents; or

(j) the Stock Borrowing Agreement is not duly authorized, executed and delivered in accordance with the terms of the Stock Borrowing Agreement and the relevant applicable Laws or it is terminated unilaterally.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange, that within six months from the Listing Date no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) shall be issued by our Company or form the subject of any agreement to such issue (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date), except pursuant to the Capitalization Issue, the Global Offering and the exercise of the Over-allotment Option or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by our Controlling Shareholders

By virtue of Rule 10.07 of the Listing Rules, each of our Controlling Shareholders have undertaken to the Stock Exchange and to our Company that, except pursuant to the Capitalization Issue, the Global Offering (including pursuant to the exercise of the Over-allotment Option and the Stock Borrowing Agreement), they will not and will procure that the relevant registered holder(s) (if any) of our Shares in which any of them has a beneficial interest will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the requirements of the Listing Rules:

(i) in the period commencing from the date by reference to which disclosure of their shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown to be the beneficial owner in this prospectus; and

(ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares to such extend that, immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would (a) cease to be our Controlling Shareholders; (b) cease to be a member of the group of Controlling Shareholders; or (c) together with other members, cease to be a group of Controlling Shareholders for the purpose of the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders have undertaken to the Stock Exchange and to our Company that within the period commencing from the date by reference to which disclosure for their shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, they will:

(i) when they pledge or charge any Shares legally and/or beneficially owned by them in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when they receive indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledge or charged Shares or securities of our Company will be disposed of, to the extent permitted by applicable law, immediately inform our Company in writing of such indications.

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Hong Kong Underwriters, that except for the offer and sale of the Offer Shares pursuant to the Capitalization Issue and the Global Offering and any Shares to be issued pursuant to the exercise of any Share options granted under the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including the date that is six months from the Listing Date (the "**First Six-Month Period**"), our Company will not, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements set out in the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of our Company, or any interest in any of the foregoing), or deposit any Shares or other equity securities of our Company, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company, or any interest in any of the foregoing); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, or any equity shares, or in cash or otherwise (whether or not the issue of such Shares or other share or securities will be completed within the First Six-Month Period).

During the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), our Company shall not enter into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction, such that any Controlling Shareholder, directly or indirectly, would cease to be a controlling shareholder (within the meaning defined in the Listing Rules) of our Company. Our Company further agrees that, during the Second Six-Month Period, in the event that our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. The Controlling Shareholders undertake to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Hong Kong Underwriters to procure our Company to comply with the undertakings above.

(B) Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has undertaken to each of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Hong Kong Underwriters that, except as pursuant to the Capitalization Issue, the Global Offering and the Stock Borrowing Agreement, and save for any pledge or charge to authorized institutions as described below, none of our Controlling Shareholders will, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) it will not, at any time during the First Six-Month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other equity securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other equity securities of our Company with a depositary in connection with the issue of depositary receipts, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other equity securities, as applicable or any interest in any of the foregoing), or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period); and

(ii) it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a), (b) or (c) above or offer to agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise of enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a "controlling shareholder" (as the term is defined in our Listing Rules) of our Company; and

(iii) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Each of our Controlling Shareholders has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Hong Kong Underwriters that, within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months from the Listing Date, he/it will:

(i) when he/it pledges or charges any Shares or securities of our Company beneficially owned by him/it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, to the extent permitted by applicable law, immediately inform the Sole Sponsor and the Sole Global Coordinator of such pledge or charge together with the number of Shares or securities of our Company so pledged or charged; and

(ii) when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledge or charged Shares or securities of our Company will be disposed of, immediately inform the Sole Sponsor and the Sole Global Coordinator of such indications.

Our Company has agreed and undertaken to the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and each of the Hong Kong Underwriters that, upon receiving such information from the Controlling Shareholders, we shall, as soon as practicable, notify the Stock Exchange and make an announcement in accordance with the Listing Rules.

Indemnity

We and our Controlling Shareholders have agreed to indemnify, among others, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach or alleged breach by our Company or the covenantors of the Hong Kong Underwriting Agreement, as the case may be.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company and our Controlling Shareholders will enter into the International Underwriting Agreement with, among others, the Sole Global Coordinator and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, among others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

It is expected that each of our Controlling Shareholders will undertake to the International Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by them in our Company for a period similar to such undertakings given by them pursuant to the Hong Kong Underwriting Agreement, which is described in the paragraph headed "— Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings pursuant to the Hong Kong Underwriting Agreement — (B) Undertakings by our Controlling Shareholders" in this section above.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Sole Global Coordinator at its sole and absolute discretion (for itself and on behalf of the other International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until up to (and including) the date which is the 30th day 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 number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any.

Total Commissions and Expenses

The Underwriters will receive a gross underwriting commission equal to 3.0% of the aggregate Offer Price in connection with the Global Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering (in such proportion as the Sole Global Coordinator in its sole discretion considers appropriate), the underwriting commission regarding such Hong Kong Offer Shares shall be reallocated to the International Underwriters (in such proportion as the Sole Global Coordinator in its sole discretion considers appropriate). Our Company may, at its sole discretion, pay to the Sole Global Coordinator an incentive fee of up to 1.0% of the aggregate Offer Price in connection with the Global Offering.

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK$54.5 million (assuming an Offer Price of HK$2.16 per Offer Share, being the mid-point of the indicative Offer Price range stated in this prospectus), are payable and borne by our Company.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable set out in Rule 3A.07 of the Listing Rules. For more information, see "Appendix IV — Statutory and General information — E. Other information — 3. Sole Sponsor" to this prospectus.

UNDERWRITERS' INTERESTS IN OUR COMPANY

The Sole Global Coordinator and other Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set out in the paragraph headed "Underwriting Arrangements and Expenses — Total Commissions and Expenses" in this section above.

Other than pursuant to the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliates may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

MINIMUM PUBLIC FLOAT

Our Directors and the Sole Global Coordinator will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or 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 our Shares, those activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in our 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 as their underlying assets, assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of our Shares. All such activity 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 our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our 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 our Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the 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 our Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares and the volatility of the price of our Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) 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

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Haitong International Capital Limited is the Sole Sponsor. Haitong International Securities Company Limited is the Sole Global Coordinator and the Joint Bookrunner. China Industrial Securities International Capital Limited, BOCI Asia Limited and Futu Securities International (Hong Kong) Limited are the Joint Bookrunners.

The Global Offering comprises:

(a) the Hong Kong Public Offering of 25,000,000 Shares (subject to reallocation) in Hong Kong as described under the paragraph headed "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) outside the United States in reliance on Regulation S of the U.S. Securities Act as described under the paragraph headed "The International Offering" in this section below.

Up to 37,500,000 additional Shares may be offered pursuant to the exercise of the Over-allotment Option as set forth in the paragraph headed "The International Offering" in this section below.

Investors may either apply for the Offer Shares under the Hong Kong Public Offering, or indicate an interest, if qualified to do so, for the Offer Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the Offer Shares to institutional and professional investors and other investors outside the United States in reliance on Regulation S of the U.S. Securities Act. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective 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.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the paragraph headed "— The Hong Kong Public Offering — Reallocation" in this section below.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Our Company is initially offering 25,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The number of Shares offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent 2.5% of the total Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

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 Sole Global Coordinator (for itself and on behalf of the other Underwriters) agreeing on the Offer Price. Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed “Conditions of the Global Offering” in this section below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering referred to below) will be divided into two pools: pool A and pool B.

Pool A will comprise 12,500,000 Hong Kong Offer Shares and pool B will comprise 12,500,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage of 1.0%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) of HK$5 million or below will fall into pool A and all valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage of 1.0%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) of over HK$5 million and up to the total value of pool B will fall into pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only apply for Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only receive Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools will be rejected.

Multiple applications or suspected multiple applications and any application for more than 12,500,000 Hong Kong Offer Shares (being 50% of the initial number of Hong Kong Offer Shares) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Assuming that the Over-allotment Option is not exercised, the allocation of the Offer Shares shall be subject to reallocation on the following basis:

(a) where the International Offer Shares are fully subscribed or oversubscribed and:

(i) if the Hong Kong Offer Shares are undersubscribed, the Sole Global Coordinator (for itself and on behalf of the other Underwriters) has the authority (but not the obligation) in its absolute discretion to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate to satisfy demand under the International Offering;

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed and the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then at the discretion of the

Sole Global Coordinator (for itself and on behalf of the other Underwriters), up to 25,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering to satisfy valid applications under the Hong Kong Public Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 50,000,000 Offer Shares and not more than double the initial allocation to the Hong Kong Public Offering, representing 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option);

(iii) 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 the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 50,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 75,000,000 Offer Shares, representing 30% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option);

(iv) 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 the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 75,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the number of the Offer Shares available under the Hong Kong Public Offering will be increased to 100,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option); and

(v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 100,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the number of the Offer Shares available under the Hong Kong Public Offering will be increased to 125,000,000 Offer Shares, representing 50% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

(b) where the International Offer Shares are undersubscribed and:

(i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

(ii) if the Hong Kong Offer Shares are oversubscribed, irrespective of the number of times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 25,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Share available under the Hong Kong Public Offering will be increased to 50,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

In addition, the Sole Global Coordinator (for itself and on behalf of the other underwriters) may reallocate the Offer Shares from the International Offering to the Hong Kong Public Offering. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, which is applicable to in the circumstances under paragraphs (a)(ii) or (b)(ii) above, then (i) the maximum total number of Offer Shares that may be allocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 50,000,000 Offer Shares) representing 20% of the Offer Shares initially available under the Global Offering, and (ii) the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK$1.86 per Offer Share) stated in this prospectus.

In the event of a reallocation of the Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances under paragraphs (a)(ii), (a)(iii), (a)(iv), (a)(v) or (b)(ii) above, the number of Offer Shares allocated to the International Offering will be correspondingly reduced.

Applications

The Sole Global Coordinator (for itself and on behalf of the other Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) International 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 Offer Price of HK$2.46 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 the paragraph headed "Pricing of the Global Offering" in this section below, is less than the maximum Offer Price of HK$2.46 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 below in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to reallocation as described above, the International Offering will consist of an offering of initially 225,000,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

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 "bookbuilding" process described in the paragraph headed "Pricing of the Global Offering" in this section below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator (for itself and on behalf of the other 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 Sole Global Coordinator so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in the paragraph headed "The Hong Kong Public Offering" in this section above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the International Underwriters exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to 37,500,000 additional Offer Shares, representing 15% of the number of Offer Shares initially available under the Global Offering, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the total number of Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option (taking into no account any Shares to be issued upon the exercise of any options to be granted under the Share Option Scheme). In the event that the Over-allotment Option is exercised, an announcement will be made.

Stock Borrowing Agreement

Haitong International Securities, as the Stabilizing Manager, or any person acting for it may choose to borrow Shares from Hao Fung under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercise of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(l)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with Hao Fung will only be effected by the Stabilizing Manager for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering;

- the maximum number of Shares borrowed from Hao Fung under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;

- the same number of Shares so borrowed must be returned to Hao Fung or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from time to time agree in writing;

- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and

- no payment will be made to Hao Fung by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

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 securities in the secondary market, during a specified period of time, inter alia, to retard and, if possible, prevent, a decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Shares for a limited period after the Listing Date at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of

Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Shares or purchasing Shares in the open market. In determining the source of the Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of Shares in the open market as compared to the price at which they may purchase additional Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Shares while the Global Offering is in progress. Any market purchases of the Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action, which if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Shares that may be over-allocated will not exceed the number of the Shares that may be issued under the Over-allotment Option, namely, 37,500,000 Offer Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price of the Shares;

(c) subscribing, or agreeing to subscribe, for the Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(e) selling or agreeing to sell any Shares to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

Prospective applications for investors in the Offer Shares should note that:

(a) as a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the Shares;

(b) the size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain;

(c) liquidation of any such long position by the Stabilizing Manager and selling in the open market may lead to a decline in the market price of the Shares;

(d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period, which begins on the Listing Date, and is expected to expire on Saturday, November 14, 2020, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and their market price, could fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market;

(e) any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilizing period; and

(f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at a price at or below the Offer Price and therefore at or below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilizing period.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book- building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Thursday, October 15, 2020 and in any event on or before Friday, October 16, 2020, by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$2.46 per Share and is expected to be not less than HK$1.86 per 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 minimum Offer Price stated in this prospectus.**

Reduction in the Offer Price Range and Number of Offer Shares

The Sole Global Coordinator, for itself and on behalf of the other Underwriters, may, where considered appropriate, based on the level of indications of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, 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, cause to be published on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.firstservice.hk**) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company, 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 being offered under the Global Offering and/or the indicative Offer Price Range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and the Offer Price, if agreed upon with our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If applications for the Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Sole Global Coordinator may at its discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocation in the Hong Kong Public Offering are expected to be announced on Wednesday, October 21, 2020 through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — 11. Publication of results" in this prospectus.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares to be offered pursuant to the Global Offering as mentioned herein (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and such approval not having been withdrawn;

(ii) the Offer Price having been duly agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters) on the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

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 Sole Global Coordinator (for itself and on behalf of the other Underwriters) on or before Friday, October 16, 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 the Stock Exchange (**www.hkexnews.hk**) and the website of our Company (**www.firstservice.hk**) on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in section entitled "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 licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Wednesday, October 21, 2020 but will only become valid certificates of title at 8:00 a.m. on Thursday, October 22, 2020 provided that (i) the Global Offering has become unconditional in all respects and (ii) 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 at or before that time.

SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance 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 (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 advisers for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, October 22, 2020, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, October 22, 2020. The Shares will be traded in board lots of 2,500 Shares. The stock code of the Shares will be 2107.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application 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 by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks 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 the **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any our subsidiaries;
- a Director or chief executive officer of our Company and/or any of our subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which application channel to use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **IPO App** or **www.hkeipo.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, October 12, 2020 until 12:00 noon on Thursday, October 15, 2020 from:

(i) any of the following offices of the Joint Bookrunners:

Haitong International Securities Company Limited
22nd Floor, 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

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C1-2, 13/F, United Centre
No. 95 Queensway
Hong Kong

(ii) any of the branches of the following receiving bank:

Hang Seng Bank Limited

Region	Branch name	Address
Hong Kong Island	Head Office	83 Des Voeux Road Central Hong Kong
Kowloon	Kowloon Main Branch	618 Nathan Road, Kowloon
New Territories	Yuen Long (Kau Yuk Road) Branch	1/F, Fu Ho Building 5 Kau Yuk Road, Yuen Long

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, October 12, 2020 until 12:00 noon on Thursday, October 15, 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 cheque or a banker's cashier order attached and marked payable to "**First Service Holding Limited – 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, October 12, 2020 — 9:00 a.m. to 4:30 p.m.
- Tuesday, October 13, 2020 — 9:00 a.m. to 4:30 p.m.
- Wednesday, October 14, 2020 — 9:00 a.m. to 4:30 p.m.
- Thursday, October 15, 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 Thursday, October 15, 2020, the last application day or such later time as described in "— 10. Effect of Bad Weather and/or Extreme Conditions 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 submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Memorandum and Articles of Association of our Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Islands Companies Law;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus, in the Application Form, in the **IPO App** and on the designated website under the **HK eIPO White Form** service 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 Sole Global Coordinator, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus, in the Application Form, in the **IPO App** and on the designated website under the **HK eIPO White Form** service;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize 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-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in the "Personal collection" section in the prospectus to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed "— 2. Who can apply" in this section may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the **IPO App** or the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are in the **IPO App** or on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the **IPO App** or the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form service

You may submit your application to the **HK eIPO White Form** Service Provider through the **IPO App** or **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, October 12, 2020 until 11:30 a.m. on Thursday, October 15, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, October 15, 2020 or such later time under "— 10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application lists" below.

No multiple applications

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instructions** under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** 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).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square 8 Connaught Place
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 Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instruction**s to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant 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, our Directors and the Sole Global Coordinator 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 our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our 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 our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Memorandum and Articles of Association of our Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Islands Companies Law; 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 2,500 Hong Kong Offer Shares. Instructions for more than 2,500 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, October 12, 2020 — 9:00 a.m. to 8:30 p.m.
- Tuesday, October 13, 2020 — 8:00 a.m. to 8:30 p.m.
- Wednesday, October 14, 2020 — 8:00 a.m. to 8:30 p.m.
- Thursday, October 15, 2020 — 8:00 a.m. to 12:00 noon

Note:

(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 Participant.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, October 12, 2020 until 12:00 noon on Thursday, October 15, 2020 (24 hours daily, except on Thursday, October 15, 2020, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, October 15, 2020, the last application day or such later time as described in "— 10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists" below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Bookrunners, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, October 15, 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 the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The 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 **HK eIPO White Form** service in respect of a minimum of 2,500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified in the **IPO App** or on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For more information on the Offer Price, see "Structure of the Global Offering — Pricing of the Global Offering".

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS 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; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, October 15, 2020. Instead they will open between 9:00 a.m. and 12:00 noon on the next business day which does not have either of those warnings and/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 Thursday, October 15, 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 the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, October 21, 2020 on our Company's website at **www.firstservice.hk** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.firstservice.hk** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. Wednesday, October 21, 2020;

- from "IPO Results" function in the **IPO App** or the designated results of allocations website at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, October 21, 2020 to 12:00 midnight on Tuesday, October 27, 2020;

- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, October 21, 2020 to Tuesday, October 27, 2020 on a business day;

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, October 21, 2020 to Friday, October 23, 2020 at all the receiving bank branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list our Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions in the **IPO App** or on the designated website at **www.hkeipo.hk**;
- your payment is not made correctly or the cheque 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 Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 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$2.46 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, October 21, 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 our Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Wednesday, October 21, 2020. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, October 22, 2020 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from our Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, October 21, 2020 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not 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 the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, October 21, 2020, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for collection of the refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, October 21, 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 Wednesday, October 21, 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 apply 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 our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, October 21, 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.

(iii) If you apply through the HK eIPO White Form 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 Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, October 21, 2020, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, October 21, 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-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of 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 Wednesday, October 21, 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, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in the paragraph headed "11. Publication of Results" above on Wednesday, October 21, 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, October 21, 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 Wednesday, October 21, 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 Wednesday, October 21, 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-66, received from our Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FIRST SERVICE HOLDING LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of First Service Holding Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-66, which comprises the combined statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 April 2020, the statement of financial position of the Company as at 30 April 2020, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows, for each of the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020 (the "**Relevant Periods**"), 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-66 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 12 October 2020 (the "**Prospectus**") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company 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' judgment, 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2017, 2018 and 2019 and 30 April 2020, the Company's financial position as at 30 April 2020 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the four months ended 30 April 2019 and other explanatory information (the "**Stub Period Corresponding Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 24 to the Historical Financial Information which contains information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

12 October 2020

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Four months ended 30 April	
		2017	2018	2019	2019	2020
	Note	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	*4*	379,213	495,531	624,679	203,819	224,860
Cost of sales		(255,877)	(330,574)	(407,170)	(139,073)	(150,184)
Gross profit		123,336	164,957	217,509	64,746	74,676
Other income	*5*	16,359	17,040	33,479	8,640	10,463
Selling expenses		(1,235)	(1,686)	(8,128)	(2,301)	(2,250)
Administrative expenses		(82,141)	(108,125)	(135,822)	(50,304)	(60,299)
Finance costs		–	–	(154)	–	(141)
Share of profits of an associate		–	–	–	–	88
Share of loss of a joint venture		–	–	–	–	(3)
Profit before taxation	*6*	56,319	72,186	106,884	20,781	22,534
Income tax	*7*	(14,474)	(19,245)	(23,022)	(3,405)	(6,045)
Profit and total comprehensive income for the year/period		41,845	52,941	83,862	17,376	16,489
Attributable to:						
Equity shareholders of the company		39,648	50,871	77,294	16,811	15,516
Non-controlling interests		2,197	2,070	6,568	565	973
Profit and total comprehensive income for the year/period		41,845	52,941	83,862	17,376	16,489
Earnings per share (RMB)	*10*	N/A	N/A	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 April
		2017	2018	2019	2020
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Investment properties	*11*	–	–	14,404	14,531
Property, plant and equipment	*12*	2,934	4,175	7,318	6,920
Intangible assets	*13*	4,879	7,401	10,389	7,638
Other financial assets	*14*	46,123	34,000	6,000	6,000
Interest in a joint venture		–	–	250	247
Interest in an associate	*14*	–	–	–	2,607
Loan receivables	*15*	–	70,000	–	–
Deferred tax assets	*22(b)*	6,467	8,330	12,000	13,139
Restricted cash	*20(a)*	–	300	–	–
		60,403	124,206	50,361	51,082
Current assets					
Inventories	*17*	531	2,338	953	899
Loan receivables	*15*	70,000	80,000	140,000	70,000
Contract assets	*19(a)*	3,049	6,480	7,956	9,467
Trade and other receivables	*18*	69,946	114,221	183,972	211,565
Financial assets measured at fair value through profit or loss ("**FVPL**")	*16*	43,512	39,555	76,569	129,456
Restricted cash	*20(a)*	–	–	300	300
Cash and cash equivalents	*20(a)*	290,930	310,927	260,128	101,095
		477,968	553,521	669,878	522,782
Current liabilities					
Trade and other payables	*21*	128,983	155,023	203,959	347,678
Contract liabilities	*19(b)*	152,169	174,732	226,566	185,433
Current taxation	*22(a)*	6,458	3,995	2,443	6,358
Bank loans	*23*	–	–	9,997	9,997
		287,610	333,750	442,965	549,466
Net current assets/(liabilities)		190,358	219,771	226,913	(26,684)
Total assets less current liabilities		250,761	343,977	277,274	24,398
Non-current liabilities					
Deferred tax liabilities	*22(b)*	31	–	566	598
		31	–	566	598
NET ASSETS		250,730	343,977	276,708	23,800

The accompanying notes form part of the Historical Financial Information.

COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		As at 31 December			As at 30 April
		2017	2018	2019	2020
	Note	RMB'000	RMB'000	RMB'000	RMB'000
CAPITAL AND RESERVES	*24*				
Share capital		–	–	–	1
Reserves		242,748	317,712	243,115	11,052
Total equity attributable to equity shareholders of the company		242,748	317,712	243,115	11,053
Non-controlling interests		7,982	26,265	33,593	12,747
TOTAL EQUITY		250,730	343,977	276,708	23,800

The accompanying notes form part of the Historical Financial Information.

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 30 April 2020
	RMB'000
Current assets	
Other receivables	1
NET ASSETS	1
CAPITAL AND RESERVES	
Share capital	1
TOTAL EQUITY	1

The accompanying notes form part of the Historical Financial Information.

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to equity shareholders of the Company							
		Share capital	Share premium	Capital reserve	Statutory surplus reserves	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2017		–	–	39,791	2,108	46,293	88,192	5,256	93,448
Changes in equity for 2017:									
Profit and total comprehensive income for the year		–	–	–	–	39,648	39,648	2,197	41,845
Issue of shares by First Property Management *(note (i))*		–	–	112,060	–	–	112,060	–	112,060
Appropriation to statutory reserve		–	–	–	1,393	(1,393)	–	–	–
Acquisition of non-controlling interests		–	–	1,087	–	–	1,087	(1,087)	–
Disposal of shares to non-controlling interests		–	–	(716)	–	–	(716)	716	–
Issue of shares by First Living *(note (ii))*		–	–	2,477	–	–	2,477	900	3,377
Balance at 31 December 2017 and 1 January 2018		–	–	154,699	3,501	84,548	247,748	7,982	250,730
Changes in equity for 2018:									
Profit and total comprehensive income for the year		–	–	–	–	50,871	50,871	2,070	52,941
Issue of shares by First Property Management *(note (i))*		–	–	26,151	–	–	26,151	–	26,151
Appropriation to statutory reserve		–	–	–	2,890	(2,890)	–	–	–
Issue of shares by First Living *(note (ii))*		–	–	13,396	–	–	13,396	14,278	27,674
Acquisition of a subsidiary *(note (iii))*		–	–	–	–	–	–	883	883
Disposal of a subsidiary *(note (iii))*		–	–	–	–	–	–	1,052	1,052
Deemed distribution		–	–	(10,000)	–	–	(10,000)	–	(10,000)
Cash dividend declared by First Property Management	24	–	–	–	–	(5,454)	(5,454)	–	(5,454)
Balance at 31 December 2018		–	–	184,246	6,391	127,075	317,712	26,265	343,977

The accompanying notes form part of the Historical Financial Information.

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Attributable to equity shareholders of the Company							
		Share capital	Share premium	Capital reserve	Statutory surplus reserves	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019		–	–	184,246	6,391	127,075	317,712	26,265	343,977
Changes in equity for 2019:									
Profit and total comprehensive income for the year		–	–	–	–	77,294	77,294	6,568	83,862
Issue of shares by First Property Management *(note (i))*		–	–	9,999	–	–	9,999	–	9,999
Appropriation to statutory reserve		–	–	–	26	(26)	–	–	–
Acquisition of non-controlling interests		–	–	24	–	–	24	(24)	–
Capital contribution from non-controlling interests of First Property Management		–	–	–	–	–	–	784	784
Cash dividend declared by First Property Management	*24*	–	–	–	–	(161,914)	(161,914)	–	(161,914)
Balance at 31 December 2019 and 1 January 2020		–	–	194,269	6,417	42,429	243,115	33,593	276,708
Changes in equity for the four months ended 30 April 2020:									
Profit and total comprehensive income for the period		–	–	–	–	15,516	15,516	973	16,489
Issuance of shares		1	–	–	–	–	1	–	1
Deemed distribution *(note (iv))*		–	–	(251,496)	–	–	(251,496)	–	(251,496)
Acquisition of non-controlling interests		–	–	15,272	–	–	15,272	(15,272)	–
Capital contribution from non-controlling shareholders of First Property Management		–	–	–	–	–	–	98	98
Cash dividend declared by First Living	*24*	–	–	–	–	(11,355)	(11,355)	(6,645)	(18,000)
Balance at 30 April 2020		1	–	(41,955)	6,417	46,590	11,053	12,747	23,800

The accompanying notes form part of the Historical Financial Information.

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Attributable to equity shareholders of the Company							
		Share capital	Share premium	Capital reserve	Statutory surplus reserves	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019		–	–	184,246	6,391	127,075	317,712	26,265	343,977
Changes in equity for the four months ended 30 April 2019 (unaudited):									
Profit and total comprehensive income for the period (unaudited)		–	–	–	–	16,811	16,811	565	17,376
Acquisition of non-controlling interests (unaudited)		–	–	24	–	–	24	(24)	–
Capital contribution from non-controlling interests of First Property Management (unaudited)		–	–	–	–	–	–	147	147
Balance at 30 April 2019 (unaudited)		–	–	184,270	6,391	143,886	334,547	26,953	361,500

Notes:

(i) First Property Services (Beijing) Co., Ltd ("**First Property Management**") issued 9,005,000 shares, 1,307,500 shares and 347,706 shares with funds raised by RMB112,060,000, RMB26,151,000 and RMB9,999,000 in 2017, 2018 and 2019, respectively.

(ii) First MOMA Human Environment Technology (Beijing) Co., Ltd. ("**First Living**") issued 452,616 shares and 2,897,752 shares in 2017 and 2018, respectively. The difference between the cash contributions from non-controlling shareholders and equity interests attributable to the non-controlling shareholders are recorded as capital reserve.

(iii) During 2018, the Group acquired 51% of Beijing Caihong Ruifeng Moving Company ("**Caihong Ruifeng**") at a total consideration of RMB2,626,739 and Caihong Ruifeng became a subsidiary of the Group. Later in the same year, the Group disposed all equity interests in Caihong Ruifeng to a third party at a consideration of RMB550,000. Caihong Ruifeng was not financially significant to the Group.

(iv) The deemed distribution represents the considerations payable to acquire equity interests of First Property Management and First Living pursuant to the Reorganization described in Note 1, out of which RMB81,300,000 was paid during the four months ended 30 April 2020.

The accompanying notes form part of the Historical Financial Information.

COMBINED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Four months ended 30 April	
		2017	2018	2019	2019	2020
	Note	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating activities						
Cash generated from/(used in) operations	*20(b)*	62,993	63,012	86,363	(20,005)	(36,825)
Income taxes paid	*22(a)*	(15,616)	(23,602)	(27,678)	(11,038)	(3,273)
Net cash generated from/(used in) operating activities		47,377	39,410	58,685	(31,043)	(40,098)
Investing activities						
Proceeds on disposal of financial assets measured at FVPL		71,056	56,015	579,143	47,354	126,929
Interest received		4,564	11,835	15,347	4,081	4,005
Proceeds on disposal of property, plant and equipment		29	31	1,047	276	794
Net cash inflow from acquisition of a subsidiary		–	460	–	–	–
Net cash inflow/(outflow) from disposal of subsidiaries		–	68	–	–	(1,481)
Purchase of other financial assets		(46,000)	–	–	–	–
Purchase of financial assets measured at FVPL		(80,617)	(40,178)	(583,360)	(155,858)	(178,561)
Purchase of an investment property	*11*	–	–	(12,138)	(11,736)	–
Purchases of property, plant and equipment	*12*	(1,231)	(2,660)	(6,187)	(1,155)	(622)
Purchases of intangible assets	*13*	(145)	(3,355)	(4,281)	(403)	(819)
Cash outflow from acquisition of a joint venture		–	–	(250)	–	–
Increase in loan receivables		(70,000)	(150,000)	(70,000)	–	–
Repayments of loan receivables		–	70,000	80,000	10,000	70,000
Net cash (used in)/generated from investing activities		(122,344)	(57,784)	(679)	(107,441)	20,245

The accompanying notes form part of the Historical Financial Information.

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

		Year ended 31 December			Four months ended 30 April	
		2017	2018	2019	2019	2020
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financing activities						
Proceeds from issue of shares		112,060	26,151	9,999	–	1
Capital injection from non-controlling interests		3,377	27,674	784	147	98
Proceeds from bank borrowings	*20(c)*	–	–	9,997	–	–
Dividend paid	*20(c)*	–	(5,454)	(123,523)	–	(56,391)
Deemed distribution paid	*20(c)*	–	(10,000)	–	–	(81,300)
Listing expense paid		–	–	(5,908)	–	(1,477)
Interest paid	*20(c)*	–	–	(154)	–	(111)
Net cash generated from/(used in) financing activities		115,437	38,371	(108,805)	147	(139,180)
Net increase/(decrease) in cash and cash equivalent		40,470	19,997	(50,799)	(138,337)	(159,033)
Cash and cash equivalents at 1 January	*20(a)*	250,460	290,930	310,927	310,927	260,128
Cash and cash equivalents at 31 December/30 April	*20(a)*	290,930	310,927	260,128	172,590	101,095

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

First Service Holding Limited (the "**Company**") was incorporated in Cayman Islands on 20 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the group's reorganization mentioned below. The Company and its subsidiaries (together, "**the Group**") are principally engaged in the provision of property management services, services in the area of green living solutions and value-added services (the "**Listing Business**") in the People's Republic of China (the "**PRC**").

Pursuant to the Group's reorganization completed on 29 May 2020 (the "**Reorganization**"), the Company became the holding company of the companies now comprising the Group. Prior to the incorporation of the Company, the Listing Business were carried out by First Property Management and its subsidiaries, and First Living and its subsidiaries. During the Relevant Periods, the ultimate controlling party of First Property Management and First Living is Mr. Zhang Lei (the "**Founder**"). To rationalize the corporate structures in preparation of the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Group underwent the Reorganization as detailed in the section headed "History and Reorganization" in the Prospectus.

As part of the Reorganization, First Property Management acquired 72.1% equity interests in First Living held by the Founder at a consideration of RMB180,292,000 in February 2020, and the Company, through its wholly owned subsidiaries, acquired the 68.8% equity interests in First Property Management at a consideration of RMB71,204,000 in April 2020 and the remaining 31.2% equity interests in First Property Management at a consideration of RMB32,258,000 in May 2020. Upon completion of the Reorganization, the Company became the holding company of the Group. As First Property Management and First Living were both ultimately controlled by the Founder before and after the Reorganization and that control was not transitory and consequently, the acquisition of First Living by First Property Management has been accounted for using the merger basis of accounting with the assets and liabilities of First Living and its subsidiaries combined using the existing book values from the Founder's perspective. In addition, there were no changes in the economic substance of the ownership of First Property Management and the business of the Group after inserting the Company and its wholly owned subsidiaries, all of which are newly formed entities with no substantive operations, as new holding companies of First Property Management. Consequently, the Historical Financial Information has been prepared and presented as a continuation of the combined financial statements of First Property Management.

Accordingly, the Historical Financial Information has been prepared as if the Group had always been in existence. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group include the financial performance and cash flows of the companies now comprising the Group for the Relevant Periods as if the current group structure had been in existence and remained unchanged throughout the Relevant Periods (or where a company now comprising the Group was incorporated or established or first under common control at a date later than 1 January 2017, for the period from the date of incorporation or establishment or becoming under common control, where this is a shorter period). The combined statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and 30 April 2020 have been prepared to present the state of affairs of the companies now comprising of the Group as at those dates as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of incorporation/establishment or becoming under common control, where applicable.

Intra-group balances, transactions and unrealized gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

During the Relevant Periods, a company now comprising the Group had also engaged in a business of investing in investment funds which is delineated from the Group's Listing Businesses (the "**Excluded Business**"). The Excluded Business had been managed separately and maintained separate accounting records. In preparation of the listing on the Stock Exchange, the Excluded Business had been transferred from the Group to a company controlled by the Founder. The Historical Financial Information of the Group excluded the assets, liabilities and results of operations of the Excluded Business whose business is, in the opinion of the directors of the Company, clearly delineated from the Group's Listing Businesses and whose assets, liabilities, revenue and expenditures are clearly identifiable.

As at the date of this report, no audited financial statements have been prepared for the Company. The financial statements of First Property Management and First Living for the years ended 31 December 2017, 2018 and 2019 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC.

As at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Company name	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities	Name of statutory auditor
			Held by the Company	Held by a subsidiary		
First Property Management (Beijing) Co., Ltd. 第一物業服務(北京)有限公司 *(Notes (ii), (iii) and (iv))*	The PRC/ 06 Dec 1999	RMB41,655,206/ RMB41,655,206	100%	–	Property management	RuiHua Certified Public Accountants LLP 瑞華會計師事務所(特殊普通合夥) for the years ended 31 December 2017 and 2018
First MOMA Human Environment Technology Co., Ltd. 第一摩碼人居環境科技(北京)有限公司 *(Notes (ii), (iii) and (iv))*	The PRC/ 03 Dec 2014	RMB35,000,000/ RMB35,000,000	–	72.1%	Energy saving related services	Zhongxingcai Guanghua Certified Public Accountants LLP 中興財光華會計師事務所 (特殊普通合夥) for the years ended 31 December 2017 and 2018
Beijing MOMA Infinite Technology Management Co., Ltd. 北京摩碼無限科技管理有限公司 *(Notes (i) and (iii))*	The PRC/ 26 Jul 2018	RMB1,000,000/ RMB0	–	100%	Technology development	No audited statutory financial statements have been prepared
Shanxi First Property Services Co., Ltd. 山西第一物業服務有限公司 *(Notes (i) and (iii))*	The PRC/ 25 Nov 2008	RMB3,000,000/ RMB3,000,000	–	100%	Property management	No audited statutory financial statements have been prepared
Hunan First Property Services Co., Ltd. 湖南第一物業服務有限公司 *(Notes (i) and (iii))*	The PRC/ 25 Jan 2008	RMB5,000,000/ RMB5,000,000	–	100%	Property management	No audited statutory financial statements have been prepared
Jiangxi First Property Services Co., Ltd. 江西第一物業服務有限公司 *(Notes (i) and (iii))*	The PRC/ 14 May 2010	RMB3,000,000/ RMB3,000,000	–	100%	Property management	No audited statutory financial statements have been prepared
First MOMA Human Environment Architectural Engineering Co., Ltd. 第一摩碼人居建築工程(北京)有限公司 *(Notes (i) and (iii))*	The PRC/ 19 Nov 2012	RMB30,000,000/ RMB30,000,000	–	100%	Energy saving related services	No audited statutory financial statements have been prepared

Notes:

(i) These entities were registered as domestic limited liability companies under the laws and regulations in the PRC.

(ii) This entity was registered as a wholly foreign-owned enterprise under the laws and regulations in the PRC.

(iii) The English translation of the names are for identification only. The official names of these entities are in Chinese.

(iv) No audited financial statements have been prepared for these entities for the year ended 31 December 2019.

All companies now comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**"). Further details of the significant accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRSs throughout the Relevant Periods, including IFRS 9, *Financial instruments*, IFRS 15, *Revenue from contracts with customers* and IFRS 16, *Leases*, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2020. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2020 are set out in Note 28.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

As at 30 April 2020, the Group had net current liabilities of RMB26,684,000 and net cash used in operating activities of RMB40,098,000 for the four months ended 30 April 2020. The Historical Financial Information has been prepared on a going concern basis notwithstanding the above mentioned conditions due to the fact that additional capital of RMB103,463,000 will be injected to the Company in June 2020. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

The Historical Financial Information is prepared in RMB, rounded to the nearest thousand, except as otherwise stated. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investment property (see note 2(e))

– financial instruments classified as financial assets measured at FVPL or as fair value through other comprehensive income (see note 2(d))

(b) Use of estimates and judgments

The preparation of Historical Financial Information in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the combined statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the combined statement of profit or loss and the combined statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within combined equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Associates, joint ventures and other investments in debt and equity securities

(i) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the combined financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(i)(ii)). Any acquisition date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the combined statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the combined statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable).

Unrealized profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(d)(ii)).

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 2(i)(ii)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, joint ventures, are set out below.

(ii) Other investments in debt and equity securities

Investments in debt and equity securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(s)(vi)).

- fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income in accordance with the policy set out in note 2(s)(v).

(e) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognized in profit or loss. Rental income from investment properties is accounted for as described in note 2(s)(iv).

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(i)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(u)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Machinery and equipment	3-5 years
–	Vehicles	5-10 years
–	Office and other equipment	3-5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for intended use.

(g) Intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(u)). Capitalized development costs are stated at cost less accumulated amortization and impairment losses (see note 2(i)). Other development expenditure is recognized as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(i)). Customer relationship represents customer contracts and related customer relationships acquired in business combination of property management companies. Operating rights represented the rights to operate energy stations acquired and were measured at cost upon initial recognition. Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

–	Software	5 years
–	Customer relationship	10 years
–	Operating rights	10 years

Both the period and method of amortization are reviewed annually.

Intangible assets are not amortized while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out above.

(h) Leased assets

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(f) and 2(i)(ii)), except for the following type of right-of-use asset:

– right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value in accordance with note 2(e).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

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. The rental income from operating leases is recognized in accordance with note 2(s)(iv).

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortized cost (including cash and cash equivalents, trade and other receivables and loan receivables; and

– contract assets as defined in IFRS 15 (see note 2(k)).

Other financial assets measured at fair value, including equity and debt securities measured at FVPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rate where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognized in accordance with note 2(s)(vi) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets;

– investment in joint ventures and associates; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognized.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value as follows:

– Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

– Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(k) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see note 2(s)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(l)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(s)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2(l)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(s)).

(l) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(k)).

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see note 2(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(i).

(n) Trade and other payables

Trade and other payables are initially recognized at fair value and are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the group's accounting policy for borrowing costs (see note 2(u)).

(p) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans.

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the PRC local retirement schemes, pursuant to the relevant labor rules and regulations in the PRC are recognized as an expense in profit or loss as incurred.

(q) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to business combinations and items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(r) Provisions, contingent liabilities

Provisions are recognized when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognized when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, 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 with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Property management services, energy operation services, green technology consulting services and value-added services

For property management services, the Group recognizes revenue in the amount to which the Group has the right to invoice based on the value of performance completed on a monthly basis.

For property management services income arising from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of property management services fee received or receivable. For property management services income arising from properties managed under commission basis, where the Group acts as an agent of the property owners, the Group entitles to revenue at a pre-determined percentage or fixed amount of the property management services fees the property owners are obligated to pay.

Energy operation services mainly include services provided through energy stations for coordinating delivery of central heating, central cooling, fresh air ventilation and hot water supply, and energy operation services to property developers and property owners. For these services, the Group acts as a principal and entitles to revenue at the value of related service fee received or receivable, and revenue is recognized when the related services are rendered. Green technology consulting services are primarily provided to property developers. Payment of the transaction is due immediately when the services are rendered or in installments at certain milestones.

Value-added services mainly include parking space management services to property developers and property owners, preliminary planning and design consultancy services to property developers, sales assistance services to property developers and property utilization services to property developers and property owners. For parking space management services to property developers and property owners, the Group recognizes revenue at the value of related service fee received or receivable on a monthly basis. For other value-added services, the Group recognizes revenue when the respective services are rendered. Other value-added services are normally billable immediately upon the services are rendered or in instalments at certain milestones.

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

(ii) System installation services under the service line of green living solutions

When the outcome of a system installation service contract can be reasonably measured, revenue from the contract is recognized progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognized only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognized in accordance with the policy set out in note 2(i).

(iii) Sales of goods under the service line of green living solutions

Revenue is recognized when the customer takes possession of and accepts the products. If the products are a partial fulfillment of a contract covering other goods and/or services, then the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognized in profit or loss in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

(v) Dividends

– Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.

– Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

(vi) Interest income

Interest income is recognized as it accrues under the effective interest method. For financial assets measured at amortized cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(i)).

(vii) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the group for the cost of an asset are recognized initially as deferred income and amortized to profit or loss on a straight-line basis over the useful life of the assets by way of recognized in other income.

(t) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognizes such non-monetary assets or liabilities.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGMENT AND ESTIMATES

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty in the preparation of the Historical Financial Information are as follows:

(i) Expected credit losses for receivables

The credit losses for trade and other receivables are based on assumptions about risk of expected credit loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 25(a). Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future periods.

(ii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determine the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future periods.

(iii) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidences of transaction prices, and where appropriate, the rental income allowing for reversionary income potential.

In determining the fair value, the valuers have taken into consideration the market conditions existed at the end of each reporting period or where appropriate, a method of valuation where involves, inter alia, certain estimates including market prices, prevailing market rents for comparable properties in the same location and condition, appropriate discount rate and expected future market rents. In relying on the valuation report, the management has exercised their judgment and are satisfied that the method of valuation is reflective of the prevailing market conditions as at the end of each reporting period.

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are property management services, services in the area of green living solutions and value-added services. Further details regarding the Group's principal activities are disclosed in note 4(b).

For the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020, revenue from Modern Green Development Co., Ltd ("**Modern Green Development**") and its subsidiaries contributed 14.95%, 19.05%, 18.03% and 16.97%, respectively of the Group's revenue under First Property Management and First Living. Other than Modern Green Development and its subsidiaries, the Group's customer base is diversified and none of them contributed 10% or more of the Group's revenue during the relevant periods.

(a) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

For property management services and energy operation services under the service line of green living solutions, the Group recognizes revenue on a monthly basis in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management service contracts and energy operation services under the service line of green living solutions do not have a fixed term.

For sale of goods under the service line of green living solutions, there is no significant unsatisfied performance obligation at the end of respective years.

For other services, they are rendered in short period of time and there is no significant unsatisfied performance obligation at the end of respective years.

(b) Segment reporting

The Group manages its businesses by divisions, which are organized by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- First Property Management: this segment provides property management services, energy operation services under the service line of green living solutions and value-added services.
- First Living: this segment provides green technology consulting service, system installation services and sale of goods under the service line of green living solutions.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets, current assets, interests in associates and joint ventures, investments in financial assets and deferred tax assets. Segment liabilities include trade creditors and accruals and contract liabilities attributable to the revenue generating activities of the individual segment and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. Assistance provided by one segment to the other, including sharing of assets and technical know-how, is not measure.

The measure used for reporting segment profit is profit before tax.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, disaggregation of revenue from contracts with customers by major products and service lines, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2019 and 2020 is set out below.

	First Property Management					First Living					Total				
	Year ended 31 December			Four months ended 30 April		Year ended 31 December			Four months ended 30 April		Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020	2017	2018	2019	2019	2020	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Disaggregated by timing of revenue recognition															
Revenue recognized over time	349,725	450,727	557,884	187,872	202,356	21,233	34,372	59,289	12,279	22,838	370,958	485,099	617,173	200,151	225,194
Revenue recognized at point in time	–	–	–	–	–	8,255	10,752	12,491	4,234	2,578	8,255	10,752	12,491	4,234	2,578
Reportable segment revenue	349,725	450,727	557,884	187,872	202,356	29,488	45,124	71,780	16,513	25,416	379,213	495,851	629,664	204,385	227,772
Disaggregated by major products or service lines															
– Property management services	157,740	202,401	272,836	79,148	93,147	–	–	–	–	–	157,740	202,401	272,836	79,148	93,147
– Green living solutions	71,805	83,780	87,615	41,845	46,217	29,488	45,124	71,780	16,513	25,416	101,293	128,904	159,395	58,358	71,633
– Value-added services	120,180	164,546	197,433	66,879	62,992	–	–	–	–	–	120,180	164,546	197,433	66,879	62,992
Reportable segment revenue	349,725	450,727	557,884	187,872	202,356	29,488	45,124	71,780	16,513	25,416	379,213	495,851	629,664	204,385	227,772
Reportable segment profit before taxation	49,365	64,811	89,994	18,963	19,362	6,954	7,375	16,890	1,818	3,172	56,319	72,186	106,884	20,781	22,534
Interest income	4,490	11,588	15,220	4,040	3,986	74	247	127	41	19	4,564	11,835	15,347	4,081	4,005
Interest expense	–	–	–	–	–	–	–	154	–	138	–	–	154	–	138
Depreciation and amortization for the year	1,376	1,922	3,270	895	1,160	110	288	403	131	252	1,486	2,210	3,673	1,026	1,412
Impairment losses															
– trade and other receivables and contract assets	3,602	4,579	9,873	6,076	5,407	126	192	430	361	285	3,728	4,771	10,303	6,437	5,692
Reportable segment assets	501,901	605,822	615,996	N/A	493,182	36,470	72,510	105,215	N/A	83,874	538,371	678,332	721,211	N/A	577,056
Reportable segment liabilities	275,001	319,608	411,178	N/A	454,861	12,640	14,747	33,325	N/A	27,191	287,641	334,355	444,503	N/A	482,052

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Year ended 31 December			Four months ended 30 April	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Revenue					
Reportable segment revenue	379,213	495,851	629,664	204,385	227,772
Elimination of inter-segment revenue	–	(320)	(4,985)	(566)	(2,912)
Combined revenue	379,213	495,531	624,679	203,819	224,860

	As at 31 December			As at 30 April
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Assets				
Reportable segment assets	538,371	678,332	721,211	577,056
Elimination of inter-segment balances	–	(605)	(972)	(3,192)
Combined total assets	538,371	677,727	720,239	573,864

	As at 31 December			As at 30 April
	2017	**2018**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Liabilities				
Reportable segment liabilities	287,641	334,355	444,503	482,052
Elimination of inter-segment balances	–	(605)	(972)	(3,192)
Unallocated head office and corporate liabilities	–	–	–	71,204
Combined total liabilities	287,641	333,750	443,531	478,860

5 OTHER INCOME

		Year ended 31 December			Four months ended 30 April	
		2017	2018	2019	2019	2020
	Note	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income	*(i)*	4,564	11,835	15,347	4,081	4,005
Government grants	*(ii)*	7,801	6,298	10,564	3,571	4,712
Net realized gains on financial assets measured at FVPL		3,421	2,473	2,664	344	1,255
Net valuation gains on other financial assets		123	–	–	–	–
Fair value gain of investment properties		–	–	2,266	–	127
Net valuation (losses)/gains on financial assets measured at FVPL		(175)	(2,716)	2,133	591	–
Net (losses)/gains on disposal of property, plant and equipment		(32)	(11)	383	9	441
Loss on disposal of subsidiaries		–	(1,103)	–	–	(176)
Others		657	264	122	44	99
		16,359	17,040	33,479	8,640	10,463

Notes:

(i) The interest income represents the interest from cash at bank and loan receivables to third parties with fixed interest rates.

(ii) The government grants represent subsidies from various PRC authorities. There are no unfulfilled conditions or future obligations attached to these subsidies.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff costs

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, wages and other benefits	135,023	169,132	221,176	65,382	66,283
Contributions to defined contribution retirement plan	11,971	13,389	15,076	4,722	3,239
	146,994	182,521	236,252	70,104	69,522

Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(b) Other items

	Year ended 31 December			Four months ended 30 April	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Amortization cost of intangible assets *(note 13)*	472	833	1,293	500	745
Depreciation charge *(note 12)*					
– owned property, plant and equipment	1,014	1,377	2,380	526	667
Impairment losses					
– trade and other receivables and contract assets	3,728	4,771	10,303	6,437	5,692
Auditors' remuneration					
– audit services	394	572	739	643	–
Listing expenses	–	–	981	–	10,260
Cost of inventories *(note 17)*	4,652	4,356	6,870	2,909	1,287
Lease expenses	763	763	2,056	527	1,663

7 INCOME TAX IN THE COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the combined statements of profit or loss and other comprehensive income represents:

	Year ended 31 December			Four months ended 30 April	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Current tax – PRC Corporate Income Tax					
Provision for the year	15,786	21,139	26,126	7,437	7,214
Deferred tax					
Origination and reversal of temporary differences	(1,312)	(1,894)	(3,104)	(4,032)	(1,169)
	14,474	19,245	23,022	3,405	6,045

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation	56,319	72,186	106,884	20,781	22,534
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	14,080	18,047	26,721	5,195	5,634
Tax effect of PRC preferential tax *(note (ii))*	(998)	(1,330)	(5,667)	(2,617)	(945)
Tax effect of non-deductible expenses	1,178	1,049	745	143	317
Tax effect of unutilized tax losses not recognized	214	1,686	1,223	684	1,039
Tax relief related to additional tax deduction on research and development costs incurred	–	(207)	–	–	–
Actual tax expense	14,474	19,245	23,022	3,405	6,045

Notes:

(i) Pursuant to the tax rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The income tax rate applicable to the Group's subsidiary incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the Relevant Periods is 16.5%. No provision for Hong Kong Profit Tax has been made as the Group did not earn any income subject to Hong Kong Profit Tax during the Relevant Periods.

The Group's PRC subsidiaries are subject to PRC Enterprise Income Tax ("**EIT**") at 25%.

(ii) Certain subsidiaries have been approved as High and New Technology Enterprise ("**HNTE**"). The entitled subsidiaries are subject to a preferential income tax rate of 15% in certain years. The HNTE certificate needs to be renewed every three years.

Certain subsidiaries have been approved as Small Low-profit Enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 10% during the Relevant Periods.

A subsidiary has been entitled to two years' EIT exemptions followed by three years' 50% EIT reduction of the statutory EIT rates, starting from its first profit making year.

8 DIRECTORS' EMOLUMENTS

For the directors as at the date of this report, their emoluments for the Relevant Periods are as follows:

	Directors' fee	Basic salaries and allowance	Discretionary bonus	Retirement benefit contribution	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2017					
Name of director					
Executive Directors					
Liu Pei Qing	–	149	193	23	365
Jia Yan	–	229	283	36	548
Zhu Li	–	185	198	10	393
Jin Chungang	–	147	199	21	367
Non-executive Directors					
Zhang Peng	–	–	–	–	–
Long Han	–	–	–	–	–
	–	710	873	90	1,673

	Directors' fee	Basic salaries and allowance	Discretionary bonus	Retirement benefit contribution	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2018					
Name of director					
Executive Directors					
Liu Pei Qing	–	178	227	23	428
Jia Yan	–	428	516	36	980
Zhu Li	–	181	209	10	400
Jin Chungang	–	165	270	21	456
Non-executive Directors					
Zhang Peng	–	–	–	–	–
Long Han	–	–	–	–	–
	–	952	1,222	90	2,264

	Directors' fee	Basic salaries and allowance	Discretionary bonus	Retirement benefit contribution	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2019					
Name of director					
Executive Directors					
Liu Pei Qing	–	178	220	20	418
Jia Yan	–	443	560	32	1,035
Zhu Li	–	197	237	9	443
Jin Chungang	–	195	254	18	467
Non-executive Directors					
Zhang Peng	–	–	–	–	–
Long Han	–	–	–	–	–
	–	1,013	1,271	79	2,363

	Directors' fee	Basic salaries and allowance	Discretionary bonus	Retirement benefit contribution	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Four months ended 30 April 2019 (unaudited)					
Name of director					
Executive Directors					
Liu Pei Qing	–	59	73	8	140
Jia Yan	–	150	188	12	350
Zhu Li	–	79	72	3	154
Jin Chungang	–	65	57	7	129
Non-executive Directors					
Zhang Peng	–	–	–	–	–
Long Han	–	–	–	–	–
	–	353	390	30	773

	Directors' fee	Basic salaries and allowance	Discretionary bonus	Retirement benefit contribution	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Four months ended 30 April 2020					
Name of director					
Executive Directors					
Liu Pei Qing	–	62	107	6	175
Jia Yan	–	151	186	10	347
Zhu Li	–	60	96	3	159
Jin Chungang	–	68	52	6	126
Non-executive Directors					
Zhang Peng	–	–	–	–	–
Long Han	–	–	–	–	–
	–	341	441	25	807

The above directors were appointed on 20 January 2020. The emoluments shown above represents remuneration received from the Group by them in their capacity as employees of the Group during the Relevant Periods.

During the Relevant Periods, Mr. Zhang Peng and Mr. Long Han are not paid directly by the Group but receive remuneration from the Group's holding company, in respect of their services to the larger group which includes the Group. No apportionment has been made as the qualifying services provided by them to the Group are incidental to their responsibilities to the larger group.

On 21 July 2020, Ms. Sun Jing, Ms. Zhu Caiqing, and Mr. Cheng Peng were appointed as independent non-executive directors of the Company.

During the Relevant Periods, no emoluments were paid by the Group to the director as an inducement to join or upon joining the Group or as compensation for loss of office. No director of the Group waived or agreed to waive any emoluments during the Relevant Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 4, 4, 4, 4 and 3 are directors whose emoluments are disclosed in note 8 above for the years ended 31 December 2017, 2018 and 2019 and for the four months ended 30 April 2019 and 2020. The aggregate of the emoluments in respect of the remaining individual for the years ended 31 December 2017, 2018 and 2019 and for the four months ended 30 April 2019 and 2020 are as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other emoluments	151	187	184	63	126
Discretionary bonuses	273	308	293	98	151
Retirement scheme contributions	11	19	17	6	9
	435	514	494	167	286

The emoluments of the above individual with the highest emoluments are within the following bands:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Nil to HKD1,000,000	1	1	1	1	2

10 EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful due to the Reorganization and the preparation of the financial information of the Group for the Relevant Periods on the basis as disclosed in note 1.

11 INVESTMENT PROPERTIES

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Fair value				
At 1 January	–	–	–	14,404
Additions	–	–	12,138	–
Change in fair value	–	–	2,266	127
At 31 December/30 April	–	–	14,404	14,531

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 31 December 2019	**Fair value as at 30 April 2020**
	RMB'000	**RMB'000**
Investment properties located in the PRC – Level 3	14,404	14,531

During the year ended 31 December 2019 and four months ended 30 April 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2019 and 30 April 2020. The valuations were carried out by an independent firm, Beijing Tiantong Assets Valuation Limited, with recent experience in the location and category of property being valued. The Group's management have had discussion with the surveyors on the valuation assumptions and valuation.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties held by the Group in the combined statements of financial position	**Valuation techniques and key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
Investment properties located in Jiujiang PRC (retails)	Income approach and market approach The key inputs are: 1. Capitalization rate; 2. Unit rent of individual unit; 3. Market transaction price	Capitalisation rate, 31 December 2019: 3.5% 30 April 2020: 3.5% Market price per sq.m., 31 December 2019: RMB21,200 – RMB22,700 30 April 2020: RMB21,200 – RMB23,000	The higher the capitalization rate, the lower the fair value. The higher the market transaction price, the higher the fair value.

The fair value of investment properties is determined in combination of income approach and market approach. Under the income approach, the fair value of investment properties is estimated based on capitalization rate and unit rent. The unit rent mainly made reference to the rents in existing lease. Under the market approach, the fair value is estimated based on comparable transactions for properties in similar location, accessibility, age, quality, size and other factors.

12 PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment	Vehicles	Office and other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:					
At 1 January 2017	1,143	805	4,437	–	6,385
Additions	264	–	967	–	1,231
Disposals	(452)	(58)	(481)	–	(991)
At 31 December 2017	955	747	4,923	–	6,625
Additions	636	51	1,973	–	2,660
Disposals	(2)	–	(210)	–	(212)
Acquisition of a subsidiary	–	544	–	–	544
Disposal of a subsidiary	–	(544)	–	–	(544)
At 31 December 2018	1,589	798	6,686	–	9,073
Additions	814	453	4,635	285	6,187
Disposals	(244)	(515)	(895)	–	(1,654)
At 31 December 2019	2,159	736	10,426	285	13,606
Additions	39	17	566	–	622
Disposals	(10)	–	(157)	–	(167)
Disposal of subsidiaries	–	–	–	(285)	(285)
At 30 April 2020	2,188	753	10,835	–	13,776
Accumulated depreciation:					
At 1 January 2017	(559)	(226)	(2,822)	–	(3,607)
Charge for the year	(136)	(228)	(650)	–	(1,014)
Written back on disposals	440	56	434	–	930
At 31 December 2017	(255)	(398)	(3,038)	–	(3,691)
Charge for the year	(224)	(84)	(1,069)	–	(1,377)
Written back on disposals	–	–	170	–	170
At 31 December 2018	(479)	(482)	(3,937)	–	(4,898)
Charge for the year	(321)	(396)	(1,663)	–	(2,380)
Written back on disposals	58	400	532	–	990
At 31 December 2019	(742)	(478)	(5,068)	–	(6,288)
Charge for the period	(98)	(33)	(536)	–	(667)
Written back on disposals	3	–	96	–	99
At 30 April 2020	(837)	(511)	(5,508)	–	(6,856)
Carrying amount:					
At 30 April 2020	1,351	242	5,327	–	6,920
At 31 December 2019	1,417	258	5,358	285	7,318
At 31 December 2018	1,110	316	2,749	–	4,175
At 31 December 2017	700	349	1,885	–	2,934

13 INTANGIBLE ASSETS

	Software	Customer relationship	Operating rights	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2017	1,610	4,366	–	5,976
Purchased intangible assets	145	–	–	145
At 31 December 2017	1,755	4,366	–	6,121
Purchased intangible assets	3,355	–	–	3,355
At 31 December 2018	5,110	4,366	–	9,476
Purchased intangible assets	1,331	–	2,950	4,281
At 31 December 2019	6,441	4,366	2,950	13,757
Purchased intangible assets	819	–	–	819
Disposal of subsidiaries	–	–	(2,950)	(2,950)
At 30 April 2020	7,260	4,366	–	11,626
Accumulated amortization:				
At 1 January 2017	(398)	(372)	–	(770)
Charge for the year	(66)	(406)	–	(472)
At 31 December 2017	(464)	(778)	–	(1,242)
Charge for the year	(427)	(406)	–	(833)
At 31 December 2018	(891)	(1,184)	–	(2,075)
Charge for the year	(860)	(406)	(27)	(1,293)
At 31 December 2019	(1,751)	(1,590)	(27)	(3,368)
Charged for the period	(502)	(145)	(98)	(745)
Disposal of subsidiaries	–	–	125	125
At 30 April 2020	(2,253)	(1,735)	–	(3,988)
Net book value:				
At 30 April 2020	5,007	2,631	–	7,638
At 31 December 2019	4,690	2,776	2,923	10,389
At 31 December 2018	4,219	3,182	–	7,401
At 31 December 2017	1,291	3,588	–	4,879

The amortization charge for the year is included in "administrative expenses" in the combined statement of profit or loss and other comprehensive income.

14 INTEREST IN AN ASSOCIATE AND OTHER FINANCIAL ASSETS – NON-CURRENT

	Interest in an associate – Equity investment	Equity securities designated at FVOCI (non-recycling) – Equity investment	Financial assets measured at FVPL – Private funds – due after one year	Total
	RMB'000 (i)	RMB'000 (ii)	RMB'000	RMB'000
At 1 January 2017	–	–	–	–
Additions	–	6,000	40,000	46,000
Change in fair value	–	–	123	123
At 31 December 2017	–	6,000	40,123	46,123
Less: other financial assets due within one year	–	–	(12,123)	(12,123)
At 31 December 2018	–	6,000	28,000	34,000
Less: other financial assets due within one year	–	–	(28,000)	(28,000)
At 31 December 2019	–	6,000	–	6,000
Addition	2,519	–	–	2,519
Share of profits of an associate	88	–	–	88
At 30 April 2020	2,607	6,000	–	8,607

Notes:

(i) In March 2020, the Group acquired 45% equity interests of a property management company established in Jiangsu Province of the PRC from a third party at a total consideration of RMB2,519,000.

(ii) The Group designated its equity investment at FVOCI (non-recycling), as the investment is held for strategic purpose. No dividends were received on this investment during the Relevant Periods.

15 LOAN RECEIVABLES

	Note	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 30 April 2020
		RMB'000	RMB'000	RMB'000	RMB'000
Short-term loan receivables	*(i)*	70,000	80,000	70,000	70,000
Long-term loan receivables due within one year		–	–	70,000	–
Loan receivables – current		70,000	80,000	140,000	70,000

	Note	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	As at 30 April 2020
		RMB'000	RMB'000	RMB'000	RMB'000
Long-term loan receivables	*(ii)*	–	70,000	70,000	–
Less: Long-term loan receivables due within one year		–	–	(70,000)	–
Loan receivables – non-current		–	70,000	–	–

Notes:

(i) As at 31 December 2017, a short-term loan to a third party of RMB70,000,000 with maturity of one year was unsecured and repayable on 24 July 2018, with interest rate of 10% per annum. This loan was fully repaid on its maturity date.

As at 31 December 2018, a short-term loan to a third party of RMB10,000,000 with maturity of 30 days was unsecured and repayable on 28 January 2019, with interest rate of 10% per annum. This loan was fully repaid on its maturity date.

As at 31 December 2018, a short-term loan to a third party of RMB70,000,000 with maturity of one year was unsecured and repayable on 5 August 2019, with interest rate of 10% per annum. This loan was fully repaid on its maturity date.

As at 31 December 2019 and 30 April 2020, a short-term loan to a third party of RMB70,000,000 is unsecured with maturity of one year and will be repayable on 28 August 2020, with interest rate of 10% per annum. The loan was been fully repaid in May 2020.

(ii) As at 31 December 2018 and 2019, a long-term loan to a third party of RMB70,000,000 is unsecured with maturity of two years and will be repayable on 20 June 2020, with interest rate of 10% per annum. The loan has been fully repaid in April 2020.

16 FINANCIAL ASSETS MEASURED AT FVPL

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Private funds	40,000	19,407	27,539	–
Wealth management products	2,500	20,000	49,030	129,456
Others	1,012	148	–	–
	43,512	39,555	76,569	129,456

17 INVENTORIES

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Goods for sales	531	2,338	953	899

The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	Years ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Carrying amount of inventories sold	4,652	4,356	6,870	2,909	1,287

All of the inventories are expected to be recovered within one year.

18 TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	68,132	91,267	139,896	152,727
Less: Allowance for trade receivables	(22,906)	(27,665)	(37,769)	(43,141)
	45,226	63,602	102,127	109,586
Amounts due from related parties	7,623	19,678	39,259	61,286
Deposits and prepayments	7,615	16,737	19,961	18,483
Value added tax prepaid	4,337	6,211	8,426	7,904
Other receivables	5,718	8,587	14,823	14,930
Less: Allowance for other receivables	(573)	(594)	(624)	(624)
	69,946	114,221	183,972	211,565

Trade receivables are primarily related to revenue generated from property management and services in the area of green living solutions.

Amounts due from related parties are unsecured and interest free. Details of the amounts due from related parties are set out in note 27(c).

(a) Aging analysis

As of the end of each reporting period, the aging analysis of trade receivable based on the date of revenue recognition which is the same as the due date, and net of allowance for impairment of trade receivables is as follows:

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	38,686	54,797	87,367	89,509
1 to 2 years	3,169	5,949	9,939	12,697
2 to 3 years	1,758	1,653	4,026	6,574
3 to 4 years	1,397	999	581	644
4 to 5 years	216	204	214	162
	45,226	63,602	102,127	109,586

Trade receivables are due when the receivables are recognized. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 25(a).

(b) Impairment of trade receivables

The movements in the allowance for doubtful debts on trade receivables during the Relevant Periods are as follows:

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	19,413	22,906	27,665	37,769
Credit loss recognized	3,493	4,759	10,104	5,684
Written-off	–	–	–	(62)
Effect on disposal of subsidiaries	–	–	–	(250)
At 31 December/30 April	22,906	27,665	37,769	43,141

19 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Arising from performance under contracts of green living solutions				
– Third parties	2,121	1,917	5,312	5,483
– Companies controlled by the Founder	409	1,052	617	2,170
– Joint ventures of companies controlled by the Founder	625	3,607	2,293	2,088
Less: Allowance for contract assets from third parties	(106)	(96)	(266)	(274)
	3,049	6,480	7,956	9,467

The amounts of contract assets that is expected to be recovered after more than one year are nil, RMB144,000, RMB1,453,000 and RMB1,895,000 at 31 December 2017, 2018 and 2019 and 30 April 2020, all of which relate to retentions. The Group typically agrees to a one to two years retention period for 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing retention period.

(b) Contract liabilities

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Billings in advance of performance				
– Third parties	150,657	173,127	205,555	167,141
– Companies controlled by the Founder	1,438	1,605	20,861	18,135
– Joint ventures of companies controlled by the Founder	74	–	150	157
	152,169	174,732	226,566	185,433

Significant changes in contract liabilities were as follows:

Movements in contract liabilities

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	123,503	152,169	174,732	226,566
Revenue recognized that was include in the balance of contract liabilities at the beginning of the year	(94,517)	(118,205)	(144,284)	(91,323)
Increase by cash received	123,183	140,768	196,118	50,190
Balance at 31 December/30 April	152,169	174,732	226,566	185,433

The Group received a deposit before rendering services commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognized on the project exceeds the amount of the deposit.

The amounts of contract liabilities expected to be recognized as income after more than one year are RMB33,964,000, RMB30,448,000, RMB64,710,000 and RMB33,968,000 at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively.

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	444	422	202	94
Cash at bank	282,128	298,264	247,778	101,301
Deposits in other financial institutions	8,358	12,541	12,448	–
Less: restricted cash	–	(300)	(300)	(300)
	290,930	310,927	260,128	101,095

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	As at 31 December			As at 30 April	
		2017	**2018**	**2019**	**2019**	**2020**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Profit before taxation		56,319	72,186	106,884	20,781	22,534
Adjustments for:						
Interest income	*5*	(4,564)	(11,835)	(15,347)	(4,081)	(4,005)
Finance costs		–	–	154	–	141
Depreciation of property, plant and equipment	*12*	1,014	1,377	2,380	526	667
Amortization of intangible assets	*13*	472	833	1,293	500	745
Loss on disposal of subsidiaries	*5*	–	1,103	–	–	176
Changes in fair value of financial assets measured at FVPL	*5*	175	2,716	(2,133)	(591)	–
Changes in fair value of other financial assets	*5*	(123)	–	–	–	–
Changes in fair value of investment properties	*5*	–	–	(2,266)	–	(127)
Allowance for doubtful debts	*6*	3,728	4,771	10,303	6,437	5,692
Loss/(gain) on disposal of property, plant and equipment	*5*	32	11	(383)	(9)	(441)
Net realized gains on financial assets measured at FVPL	*5*	(3,421)	(2,473)	(2,664)	(344)	(1,255)
Share of loss of a joint venture		–	–	–	–	3
Share of profits of an associate		–	–	–	–	(88)
Changes in working capital:						
Decrease/(increase) in inventories		1,947	(1,807)	1,385	168	54
Increase in trade and other receivables		(30,828)	(48,809)	(73,976)	(38,660)	(30,152)
Increase in contact assets		(3,155)	(3,421)	(1,646)	(975)	(1,520)
Increase in restricted cash		–	(300)	–	–	–
Increase/(decrease) in contract liabilities		28,666	22,563	51,834	(4,431)	(41,133)
Increase in trade and other payables		12,731	26,097	10,545	674	11,884
Cash generated from/(used in) operations		62,993	63,012	86,363	(20,005)	(36,825)

(c) Reconciliation of liabilities arising from financing activities

	Bank loans	Accrued interest	Dividend payable	Amounts due to a related party	Total
	RMB'000 (Note 23)	RMB'000	RMB'000 (Note 21)	RMB'000	RMB'000
At 1 January 2018	–	–	–	–	–
Changes from financing cash flows:					
Dividend paid	–	–	(5,454)	–	(5,454)
Deemed distribution paid	–	–	–	(10,000)	(10,000)
Total changes from financing cash flows	–	–	(5,454)	(10,000)	(15,454)
Other changes:					
Dividend declared	–	–	5,454	–	5,454
Deemed distribution	–	–	–	10,000	10,000
Total other changes	–	–	5,454	10,000	15,454
At 31 December 2018	–	–	–	–	–
At 1 January 2019	–	–	–	–	–
Changes from financing cash flows:					
New bank borrowings raised	9,997	–	–	–	9,997
Interest paid	–	(154)	–	–	(154)
Dividend paid	–	–	(123,523)	–	(123,523)
Total changes from financing cash flows	9,997	(154)	(123,523)	–	(113,680)
Other changes:					
Finance costs	–	154	–	–	154
Dividend declared	–	–	161,914	–	161,914
Total other changes	–	154	161,914	–	162,068
At 31 December 2019	9,997	–	38,391	–	48,388
At 1 January 2020	9,997	–	38,391	–	48,388
Changes from financing cash flows:					
Interest paid	–	(111)	–	–	(111)
Dividend paid	–	–	(56,391)	–	(56,391)
Deemed distribution paid	–	–	–	(81,300)	(81,300)
Total changes from financing cash flows	–	(111)	(56,391)	(81,300)	(137,802)
Other changes:					
Finance costs	–	141	–	–	141
Dividend declared	–	–	18,000	–	18,000
Deemed distribution	–	–	–	251,496	251,496
Total other changes	–	141	18,000	251,496	269,637
At 30 April 2020	9,997	30	–	170,196	180,223

(d) Disposal of subsidiaries

During the four months ended 30 April 2020, the Group disposed all equity interests in three subsidiaries. The disposals had the following combined effect on the Group's assets and liabilities on the disposal dates:

	RMB'000
Property, plant and equipment	285
Intangible assets	2,825
Deferred tax assets	62
Trade and other receivables	67
Cash and cash equivalents	1,481
Trade and other payables	(1,661)
Current taxation	(26)
Net assets of the subsidiaries disposed	3,033
Total consideration satisfied by cash	2,857
Loss on disposal of subsidiaries charged to "other income" in the combined statements of profit or loss and other comprehensive income	(176)
Considerations received	–
Cash and cash equivalents disposed of	(1,481)
Net cash outflow from disposal of subsidiaries	(1,481)

21 TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	30,514	33,456	38,380	41,615
Amounts due to related parties	8,008	13,698	12,746	184,539
Other taxes and charges payable	4,594	6,079	7,736	8,138
Dividend payable	–	–	38,391	–
Accrued payroll and other benefits	17,422	21,804	26,489	23,685
Other payables and accruals	68,445	79,986	80,217	89,701
	128,983	155,023	203,959	347,678

All the trade and other payables (including amounts due to related parties) are expected to be settled or are repayable on demand.

As of the end of each relevant periods, the aging analysis of trade payables, based on the invoice date, is as follows:

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	29,142	33,026	37,087	40,059
1 to 2 years	44	245	1,019	1,223
2 to 3 years	468	20	92	106
Over 3 years	860	165	182	227
	30,514	33,456	38,380	41,615

22 INCOME TAX IN THE COMBINED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the combined statement of financial position represents:

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
PRC Corporate Income Tax				
At 1 January	6,288	6,458	3,995	2,443
Charged to profit or loss *(Note 7)*	15,786	21,139	26,126	7,214
Payments during the year	(15,616)	(23,602)	(27,678)	(3,273)
Effect on disposal of subsidiaries	–	–	–	(26)
At 31 December/30 April	6,458	3,995	2,443	6,358

(b) Deferred tax assets and liabilities recognized:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognized in the combined statements of financial position and the movements during the Relevant Periods are as follows:

Deferred tax arising from:	Credit loss allowance	Revaluation of financial assets measured at FVPL and other financial assets	Tax loss	Unrealized profit and loss	Revaluation of investment properties	Accrued and unpaid employee bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	4,915	(20)	229	–	–	–	5,124
Credited to profit or loss	893	12	407	–	–	–	1,312
At 31 December 2017 and 1 January 2018	5,808	(8)	636	–	–	–	6,436
Credited/(charged) to profit or loss	1,165	710	(91)	110	–	–	1,894
At 31 December 2018 and 1 January 2019	6,973	702	545	110	–	–	8,330
Credited/(charged) to profit or loss	2,575	(532)	(545)	2,172	(566)	–	3,104
At 31 December 2019 and 1 January 2020	9,548	170	–	2,282	(566)	–	11,434
Credited/(charged) to profit or loss	1,409	(170)	155	(576)	(32)	383	1,169
Effect on disposal of subsidiaries	(62)	–	–	–	–	–	(62)
At 30 April 2020	10,895	–	155	1,706	(598)	383	12,541

(ii) Reconciliation to the combined statement of financial position

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax asset recognized in the combined statements of financial position	6,467	8,330	12,000	13,139
Net deferred tax liability recognized in the combined statements of financial position	(31)	–	(566)	(598)
	6,436	8,330	11,434	12,541

(c) Deferred tax assets not recognized

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Unutilized tax losses-PRC	2,464	9,208	14,100	18,256

In accordance with the accounting policy set out in note 2(q), the Group has not recognized deferred tax assets in respect of cumulative tax losses of RMB2,464,000, RMB9,208,000, RMB14,100,000 and RMB18,256,000 as of 31 December 2017, 2018 and 2019 and 30 April 2020, respectively, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

Pursuant to the relevant laws and regulations in the PRC, the unrecognized tax losses at the end of the reporting period will expire in the following years:

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
2020	1,551	1,551	1,551	1,551
2021	57	57	57	57
2022	856	856	856	856
2023	–	6,744	6,744	6,744
2024	–	–	4,892	4,892
2025	–	–	–	4,156
	2,464	9,208	14,100	18,256

(d) Deferred tax liabilities not recognized

According to PRC corporate income tax laws and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

For the other distributable reserve and retained earnings of PRC subsidiaries of the Group up to 30 April 2020, no deferred tax liabilities were recognized as at 30 April 2020 as the Group controls the dividend policy of the subsidiaries and it has been determined that it is not probable that these profits will be distributed in the foreseeable future.

23 BANK LOANS

At 31 December 2019 and 30 April 2020, the bank loans were as follows:

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	–	–	9,997	9,997

At 31 December 2019, above bank loans due within one year were guaranteed by a company controlled by the Founder, which will be released upon the settlement of the bank loans before the Listing.

24 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's combined equity is set out in the combined statement of changes in equity.

(b) Share capital

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 20 January 2020, with an authorized share capital of US$50,000 divided into 50,000 shares with par value of US$1.00 each. One share was allotted and issued to the shareholder of the Company on the same date, as detailed in the section headed "History and Reorganization" to the Prospectus.

On 25 February 2020 and 10 April 2020, the Company allotted and issued 49.2369 shares and 2.5043 shares of par value US$1.00 each to the shareholders of the Company, respectively, as detailed in the section headed "History and Reorganization" to the Prospectus.

On 29 May 2020, the Company allotted and issued 47.2588 shares of par value US$1.00 each to the shareholders of the Company, as detailed in the section headed "History and Reorganization" to the Prospectus.

(c) Dividends

No dividend has been declared by the Company since its incorporation.

Dividend of nil, RMB5,454,000, RMB161,914,000 and nil have been declared and dividend of nil, RMB5,454,000, RMB123,523,000 and RMB38,391,000 have been paid by First Property Management to its then shareholders during the year of 2017, 2018 and 2019 and the four months ended 30 April 2020, respectively.

Dividend of RMB18,000,000 has been declared and paid by First Living to the shareholders during the four months ended 30 April 2020.

(d) Nature and purpose of reserves

(i) Share premium

Share premium represents the difference between the consideration and the par value of the issued and paid up shares of the Company.

(ii) Capital reserve

For the purpose of the Historical Financial Information, the aggregate amount of the paid-in capital, capital premium and other capital reserves of all entities comprising the Group at the respective dates were recorded as capital reserve, after the elimination of investments in subsidiaries.

(iii) Statutory surplus reserve

For the purpose of the Historical Financial Information, the statutory surplus reserve represented the statutory surplus reserve of First Property Management and First Living.

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, this reserve can be utilized in setting off accumulated losses or increasing capital and is non-distributable other than in liquidation.

(e) Non-controlling interests ("NCI")

NCI primarily relates to First Living. The proportion of ownership interests of First Living held by the respective NCI in the Historical Financial Information was 36.57%, 50.40%, 50.34% and 27.88% as at 31 December 2017, 2018 and 2019 and 30 April 2020, respectively. The profit attributable to the respective NCI was RMB2,197,000, RMB3,155,000, RMB7,112,000 and RMB779,000 for the years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020, respectively. Summarized financial information about First Living is set out in Note 4(b)(i).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group's overall strategy remains unchanged throughout the Relevant Periods.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash at bank, trade and other receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents and financial assets measured at FVPL are limited because the counterparties are banks and financial institutions with a high credit standing assigned by the management of the Group, to which the Group considers to have low credit risk.

In respect of amount due from related parties, payments on behalf of property owners, deposits and amounts due from staff included in other receivables, the Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method based on historical settlement records and looking-forward information. Thus except for RMB573,000, RMB594,000, RMB624,000 and RMB624,000 of allowance provision provided, no other loss allowance provision for these receivables was recognized during the Relevant Periods.

In respect of trade receivables and contract assets, the Group measures loss allowances at an amount equal to lifetime ECLs based on historical settlement records and forward-looking information. The Group has large number of customers and there was no concentration of credit risk. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group considers that a default event occurs when there is significant decrease in services fee collection rate and estimates the expected credit loss rate for the Relevant Periods. Normally, the Group does not obtain collateral from customers.

The Group has no concentrations of credit risk in view of its large number of customers.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets due from third parties as at 31 December 2017, 2018 and 2019 and 30 April 2020.

As at 31 December 2017

	First Property Management			First Living			Group total	
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000
within 1 year	13%	41,462	5,390	5%	4,873	244	46,335	5,634
1-2 years	43%	5,560	2,391	–	–	–	5,560	2,391
2-3 years	56%	3,995	2,237	–	–	–	3,995	2,237
3-4 years	72%	4,989	3,592	–	–	–	4,989	3,592
4-5 years	92%	2,695	2,479	–	–	–	2,695	2,479
over 5 years	100%	6,679	6,679	–	–	–	6,679	6,679
		65,380	22,768		4,873	244	70,253	23,012

	As at 31 December 2018							
	First Property Management			First Living			Group total	
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000
within 1 year	13%	55,744	7,247	5%	8,548	427	64,292	7,674
1-2 years	43%	10,437	4,488	–	–	–	10,437	4,488
2-3 years	56%	3,757	2,104	–	–	–	3,757	2,104
3-4 years	72%	3,567	2,568	–	–	–	3,567	2,568
4-5 years	92%	2,552	2,348	–	–	–	2,552	2,348
over 5 years	100%	8,579	8,579	–	–	–	8,579	8,579
		84,636	27,334		8,548	427	93,184	27,761

	As at 31 December 2019							
	First Property Management			First Living			Group total	
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000
within 1 year	13%	87,487	11,373	5%	17,157	858	104,644	12,231
1-2 years	43%	17,437	7,498	–	–	–	17,437	7,498
2-3 years	56%	9,151	5,125	–	–	–	9,151	5,125
3-4 years	72%	2,076	1,495	–	–	–	2,076	1,495
4-5 years	92%	2,670	2,456	–	–	–	2,670	2,456
over 5 years	100%	9,230	9,230	–	–	–	9,230	9,230
		128,051	37,177		17,157	858	145,208	38,035

	As at 30 April 2020							
	First Property Management			First Living			Group total	
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000
within 1 year	13%	83,905	10,908	5%	22,863	1,143	106,768	12,051
1-2 years	43%	22,275	9,578	–	–	–	22,275	9,578
2-3 years	56%	14,941	8,367	–	–	–	14,941	8,367
3-4 years	72%	2,302	1,657	–	–	–	2,302	1,657
4-5 years	92%	2,027	1,865	–	–	–	2,027	1,865
over 5 years	100%	9,897	9,897	–	–	–	9,897	9,897
		135,347	42,272		22,863	1,143	158,210	43,415

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

As there were no significant changes in the Group's customer base, credit risk of customers, credit policy, and the Group's view of economic conditions over the expected lives of the receivables during the years ended 31 December 2017, 2018, 2019 and the four months ended 30 April 2020, hence the Group applied the same credit loss rates during the above years/period.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	As at 31 December 2017		As at 31 December 2018		As at 31 December 2019		As at 30 April 2020	
	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount at 31 December	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount at 31 December	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount at 31 December	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount at 30 April
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	128,983	128,983	155,023	155,023	203,959	203,959	347,678	347,678
Bank loans	–	–	–	–	10,304	9,997	10,167	9,997
	128,983	128,983	155,023	155,023	214,263	213,956	357,845	357,675

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans. Borrowings issued at variable rates exposes the Group to cash flow interest rate risk.

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

(i) Interest rate profile

	As at 31 December 2017		As at 31 December 2018		As at 31 December 2019		As at 30 April 2020	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000
Variable rate financial instruments:								
Financial liabilities								
Bank loans	–	–	–	–	4.15%–4.31%	9,997	4.15%–4.31%	9,997
Total		–		–		9,997		9,997

(ii) Sensitivity analysis

At 31 December 2019 and 30 April 2020, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately RMB38,000.

(d) Equity price risk

The Group is exposed to equity price changes arising from equity investment held for non-trading purposes (see note 14). Such investment is listed on the National Equity Exchange and Quotations of the PRC in 2019 and is held for long term strategic purposes. It has been chosen based on its longer term growth potential and is monitored regularly for performance against expectations.

At 31 December 2017, 2018 and 2019 and 30 April 2020, it is estimated that an increase/decrease of 5% in the relevant stock price, with all other variables held constant, would have increased/decreased the Group's other components of combined equity by RMB300,000.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group's unlisted equity security was revalued against transaction price for purchase of shares of the respective security during the respective report periods.

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

	Fair value at 31 December 2017	Fair value measurements as at 31 December 2017 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Assets:				
Financial assets measured at FVPL due within one year	43,512	–	43,512	–
Equity securities designated at FVOCI (non-recycling)	6,000	–	6,000	–
Financial assets measured at FVPL due after one year	40,123	–	40,123	–

	Fair value at 31 December 2018	Fair value measurements as at 31 December 2018 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Assets:				
Financial assets measured at FVPL due within one year	39,555	–	39,555	–
Equity securities designated at FVOCI (non-recycling)	6,000	–	6,000	–
Financial assets measured at FVPL due after one year	28,000	–	28,000	–

	Fair value at 31 December 2019	Fair value measurements as at 31 December 2019 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Assets:				
Equity securities designated at FVOCI (non-recycling)	6,000	–	6,000	–
Financial assets measured at FVPL due within one year	76,569	–	76,569	–

	Fair value at 30 April 2020	Fair value measurements as at 30 April 2020 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Assets:				
Equity securities designated at FVOCI (non-recycling)	6,000	–	6,000	–
Financial assets measured at FVPL due within one year	129,456	–	129,456	–

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial assets measured at FVPL and other equity securities is determined based on the estimated amount that the Group would receive to redeem the financial assets at the end of each reporting period. The estimated redeemable amount is calculated based on the most recent transaction price or the daily quotation published by the financial institutions.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortized cost were not materially different from their fair values as at 31 December 2017, 2018 and 2019 and 30 April 2020.

26 CONTINGENT ASSETS AND LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2017, 2018 and 2019 and 30 April 2020.

27 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short-term employee benefits	2,583	3,426	3,379	1,102	1,176
Post-employment benefits	135	134	121	45	38
	2,718	3,560	3,500	1,147	1,214

Total remuneration is included in "staff costs" (see note 6(a)).

(b) Significant related party transactions

In addition to those disclosed elsewhere in the Historical Financial Information, the Group entered into the following transactions with its related parties during each of the Relevant Periods.

Nature of related party	Year ended 31 December			Four months ended 30 April	
	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Provision of property management services and other services					
– Companies controlled by the Founder	66,198	104,019	129,123	44,535	40,872
– Joint ventures of companies controlled by the Founder	31,350	33,911	44,719	12,821	10,073
Receiving services					
– Companies controlled by the Founder	3,925	6,705	5,523	2,401	2,346
Purchase of properties					
– Companies controlled by the Founder	–	–	11,174	–	–

(c) Balances with related parties

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from:				
– Companies controlled by the Founder	2,749	6,148	21,155	39,806
– Joint ventures of companies controlled by the Founder	4,874	13,530	18,104	21,480
	7,623	19,678	39,259	61,286
Amounts due to:				
– Companies controlled by the Founder	8,008	13,565	12,741	184,539
– Joint ventures of companies controlled by the Founder	–	133	5	–
	8,008	13,698	12,746	184,539

Amounts due from/to related parties are all trade nature, unsecured and interest-free, except for RMB170,196,000 amount due to a company controlled by the Founder at 30 April 2020 that is non-trade in nature and is associated with the Reorganization. Up to the date of this report, the non-trade amounts due to related party had been fully settled.

(d) Name and relationship with related parties

During the Relevant periods, transactions with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
First MOMA Assets Management (Beijing) Co., Ltd.* 第一摩碼資產管理(北京)有限公司	Company controlled by the Founder
Modern Land (China) Co., Limited and its subsidiaries 當代置業(中國)有限公司及其附屬公司	Company controlled by the Founder
Changsha Pengyue Real Estate Development Co., Ltd. * 長沙市鵬躍房地產開發有限公司	Joint venture of companies controlled by the Founder
Suzhou Modern Green Development Co., Ltd. * 蘇州當代綠色置業有限公司	Joint venture of companies controlled by the Founder
Beijing Honghua Weiye Development Co., Ltd. * 北京宏華偉業房地產開發有限公司	Joint venture of companies controlled by the Founder
Guangzhou Hanguo Hengsheng Real Estate Development Co., Ltd. * 廣州市漢國恒生房地產開發有限公司	Joint venture of companies controlled by the Founder
Huangshi Kunbao Real Estate Development Co., Ltd. * 黃石坤寶房地產開發有限公司	Joint venture of companies controlled by the Founder
Zhangjiakou Penglong Real Estate Development Co., Ltd. * 張家口市彭龍房地產開發有限公司	Joint venture of companies controlled by the Founder
Xiantao Shenlv Development Co., Ltd. * 仙桃深綠置業有限公司	Joint venture of companies controlled by the Founder
Baoding MOMA Real Estate Development Co., Ltd. * 保定市摩碼房地產開發有限公司	Joint venture of companies controlled by the Founder
Xi'an Jiabao MOMA Development Co., Ltd. * 西安嘉寶摩碼置業有限公司	Joint venture of companies controlled by the Founder
Shanxi Xincaifu Development Co., Ltd. * 陝西新財富置業有限公司	Joint venture of companies controlled by the Founder
Hongye Tengfei Development (Beijing) Co., Ltd. * 鴻業騰飛置業(北京)有限公司	Joint venture of companies controlled by the Founder
Shanxi Modern Wanxing Development Co., Ltd. * 山西當代萬興置業有限公司	Joint venture of companies controlled by the Founder
Shishou Jindu Industry Co., Ltd. * 石首市金都實業有限公司	Joint venture of companies controlled by the Founder
Jiangxi Shengcheng Real Estate Co., Ltd. * 江西晟城房地產開發有限公司	Joint venture of companies controlled by the Founder
Shanxi Modern Green Development Co., Ltd. * 山西當代綠色置業有限公司	Joint venture of companies controlled by the Founder
Beijing Modern Jiuyun Development Co., Ltd. * 北京當代久運置業有限公司	Joint venture of companies controlled by the Founder
Shaanxi Zhuoli Industrial Co., Ltd. * 陝西卓立實業有限公司	Joint venture of companies controlled by the Founder

* *The English names of the companies which operate in the PRC are for reference only and have not been registered.*

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2020

Up to the date of issue of this report, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the Relevant Periods and which have not been adopted in the Historical Financial Information:

	Effective for accounting periods beginning on or after
Amendment to IFRS 16, *Covid-19 – Related Rent Concessions*	1 June 2020
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2023
IFRS 17, *Insurance contracts*	1 January 2023
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined at a future date
Amendments to IFRS 4, *Extension of the temporary exemption from applying IFRS 9*	To be determined at a future date

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the combined financial statements.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 April 2020.

The following information does not form part of the Accountants' Report received from our Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the historical financial information included in the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the combined net tangible assets of the Group attributable to the equity shareholders of the Company as at 30 April 2020 as if the Global Offering had taken place on 30 April 2020.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 30 April 2020 or at any future date.

	Combined net tangible assets attributable to the equity shareholders of the Company as at 30 April 2020(1)	Effect on the completion of Reorganization before the Global Offering(2)	Estimated net proceeds from the Global Offering(3)	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company as at 30 April 2020	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share(4)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB(5)	HK$(5)
Based on an Offer Price of HK$1.86 per Share	4,348	81,204	373,445	458,997	0.46	0.52
Based on an Offer Price of HK$2.46 per Share	4,348	81,204	539,788	625,340	0.63	0.72

Notes:

(1) The combined net tangible assets attributable to the equity shareholders of the Company as at 30 April 2020 is based on the combined total equity attributable to the equity shareholders of the Company as at 30 April 2020 of RMB11,053,000 after deduction of intangible assets of RMB7,638,000 as shown in the Accountants' Report set out in Appendix I to this prospectus, and adjusting the share of intangible assets attributable to non-controlling interests of RMB933,000.

(2) In preparation for the Global Offering, the Group immediately prior to Listing will undergo the Reorganization as set out under the heading of "History and Reorganization" of this prospectus. The adjustment represents net effects of certain transactions of the Reorganization, which are completed after 30 April 2020, assuming that all the transactions under the Reorganization had been completed on 30 April 2020, details of which are as follows:

(i) Cash consideration of RMB32,259,000 paid or payable to shareholders of First Property Management in connection with the acquisition of all their remaining shares of First Property Management by First Service Holding (Hong Kong), resulting in a decrease of approximately RMB32,259,000 to the combined equity attributable to the equity shareholders of the Company;

(ii) Cash consideration of RMB10,000,000 payable to the Group in connection with the transfer to the Excluded Business to a company controlled by Mr. Zhang Lei as mentioned in Note 1 to the Accountants' Report set out in Appendix I to this prospectus, resulting in an increase of approximately RMB10,000,000 to the combined equity attributable to the equity shareholders of the Company; and

(iii) Capital injections by shareholders of the Company of RMB103,463,000 to the Company, resulting in an increase of approximately RMB103,463,000 to the combined equity attributable to the equity shareholders of the Company.

Details of the Reorganization mentioned above are set out on pages 154 to 159 of this prospectus under the heading of "History and Reorganization and" in this prospectus.

(3) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$1.86 per Share (being the minimum Offer Price) and HK$2.46 per Share (being the maximum Offer Price), after deduction of the underwriting fees and other related expenses paid or payable by the Group (excluding the expenses that have been charged to profit or loss during the Track Record Period), and does not take into accountant any shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme. The estimated net proceeds of the Global Offering have been converted to Renminbi at the PBOC rate of HK$1 to RMB0.88 prevailing on 30 September 2020. No representation is made that Hong Kong dollars amount have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rate.

(4) The unaudited pro forma adjusted net tangible assets per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 1,000,000,000 Shares, being the number of shares expected to be in issue following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering, and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme.

(5) The unaudited pro forma adjusted net tangible assets per Share amounts in RMB are converted to Hong Kong dollar with the PBOC rate of RMB0.88 to HK$1 prevailing on 30 September 2020. No representation is made that Renminbi amount have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rate.

(6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 April 2020.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF FIRST SERVICE HOLDING LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of First Service Holding Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 30 April 2020 and related notes as set out in Part A of Appendix II to the prospectus dated 12 October 2020 (the "**Prospectus**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "**Global Offering**") on the Group's financial position as at 30 April 2020 as if the Global Offering had taken place at 30 April 2020. As part of this process, information about the Group's financial position as at 30 April 2020 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities 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 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The 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" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting 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 ("**HKSAE**") 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 purpose 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 pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 30 April 2020 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 event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or 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.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

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 purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

12 October 2020

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on 25 September 2020 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in "Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" to this prospectus.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on 25 September 2020 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$50,000 divided into 250,000,000,000 shares of US$0.0000002 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any 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 entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity 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;

(ii) 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 any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) 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 any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both 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 any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, 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 amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. 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.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. 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.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied 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 meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing 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 subject to the provisions of the Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution — majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of 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 and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean 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 corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member 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 for each share registered in his name in the register of members of the Company.

Where 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.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general 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 pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorize). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as of the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as of the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as of the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 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 shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) 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, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is canceled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date. Where a general meeting is so postponed, the Company shall endeavor to cause a notice of such postponement to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of such meeting.

Where a general meeting is postponed:

(a) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favor of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as canceled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Law and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company 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 Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. 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.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, 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 Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 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, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be 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 of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANIES LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 January 2020 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is 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 size of its authorized share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a 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:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

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.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, 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, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, 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 shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. 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 member of the company holding shares. 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.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands 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 into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands 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.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

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.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of 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.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law 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.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person 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, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is 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 shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 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 the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand 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 shareholders.

16 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, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of the 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 is for a period of twenty years from 20 February 2020.

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 certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands Companies Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in "Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" to this prospectus. Any person wishing to have a detailed summary of Cayman Islands Companies Law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

We were incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on January 20, 2020. We have established a principal place of business in Hong Kong at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on May 29, 2020. Ms. Szeto Kar Yee Cynthia has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As we were incorporated in the Cayman Islands, our corporate structure and the Memorandum and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum and Articles of Association is set out in "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Companies Law" to this prospectus.

2. Changes in the Share Capital of Our Company

As of the date of incorporation of our Company, our Company had an authorized share capital of US$50,000, divided into 50,000 shares with par value of US$1.00 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

- on January 20, 2020, one subscriber's share of par value of US$1.00 each was allotted and issued to a registered office service provider, being an Independent Third Party, and was then transferred to Glorious Group on the same date;

- on February 25, 2020, our Company allotted and issued 40.7326 and 8.5043 shares of par value US$1.00 each to Glorious Group and Cedar Group, respectively;

- on April 10, 2020, our Company allotted and issued 2.5043 shares of par value US$1.00 each to Glorious Group; and

- on May 29, 2020, our Company allotted and issued 22.7703, 2.8006, 1.4015, 1.4015, 0.2102, 11.5232, 3.0008, 2.0773, 1.2387, and 0.8347 shares of par value US$1.00 each to Hao Fung, Aspire Global, Long Han Management, Liu Pei Qing Management, TZT Consulting, Shanghai CDH Yaojia, Shanghai ODI, Xiao Tong Group, CICC Global and Shanghai Chuyuan, respectively.

Immediately following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme, the issued share capital of our Company will be US$200, divided into 1,000,000,000 Shares of US$0.0000002 each, all fully paid or credited as fully paid, and 249,000,000,000 Shares of US$0.0000002 each will remain unissued.

Save as disclosed above and in this prospectus, there has been no alteration in the share capital of our Company since our incorporation.

3. *Written Resolutions of the Shareholders of Our Company Passed on September 25, 2020*

Pursuant to the written resolutions passed by our Shareholders on September 25, 2020:

(a) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and such grant and permission not having been subsequently revoked prior to the commencement of dealings in the Shares on the Stock Exchange, (2) the Offer Price being fixed on the Price Determination Date and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein (unless and to the extent such conditions are validly waived on or before such dates and times as specified in the Underwriting Agreements) or otherwise:

(i) our Directors were authorized to subdivide each of our issued and unissued share of par value US$1.00 each into 5,000,000 Shares of par value US$0.0000002 each, such that following the Share Subdivision, the authorized share capital of our Company shall be US$50,000 divided into 250,000,000,000 Shares of par value US$0.0000002 each;

(ii) subject to our Company having sufficient distributable reserves, our Directors were authorized to allot and issue a total of 250,000,000 Shares credited as fully paid at par to the holders of Shares on the register of members of our Company at the close of business on the date immediately preceding the date on which the Global Offering becoming unconditional (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalization of the sum of US$50 of the distributable reserves of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares;

(iii) the Global Offering was approved, and our Directors were authorized to allot and issue the new Shares pursuant to the Global Offering;

(iv) the granting of the Over-allotment Option was approved;

(v) the proposed Listing was approved, and our Directors were authorized to implement the Listing;

(vi) a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares, securities convertible into Shares and options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options (including but not limited to warrants, bonds, debentures, notes and other securities convertible into Shares) which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed conditionally or unconditionally to be allotted by our Directors shall not exceed the aggregate of 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), and the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in sub-paragraph (vii) below. This mandate does not cover Shares to be allotted, issued, or dealt with under, (a) a rights issue, (b) the exercise of any rights of subscription or conversion attaching to any warrants or any securities which are convertible into Shares or in issue prior to the date of passing the relevant resolution, (c) any scrip dividend scheme or similar arrangement providing for the allotment and issuance of Shares in lieu of the whole or part of a dividend on the Shares in accordance with the Articles of Association, (d) the exercise of options which may be granted under the Share Option Scheme, or (e) a specific authority granted by our Shareholders in general meeting. This mandate will remain in effect during the period from the passing of the resolution until the earliest of (1) the conclusion of the next annual general meeting of our Company, (2) the end of the period within which we are required by any applicable laws or the Articles of Association to hold our next annual general meeting, or (3) the date on which the resolution is varied or revoked by an ordinary resolution of our Shareholders in general meeting (the "**Applicable Period**");

(vii) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase 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 Shares with a total nominal value of not more than 10% of the total nominal value of the share capital of our Company in issue immediately following completion of the Share Subdivision, the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme). Such mandate will remain in effect during the Applicable Period;

(viii) the general unconditional mandate mentioned in sub-paragraph (vi) above be extended by the addition to the aggregate nominal amount of the share capital of our Company which may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by our Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (vii) above, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of our Company's share capital in issue immediately following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme); and

(ix) our Company approved and adopted the Memorandum and Articles of Association subject to the Share Subdivision and the Capitalization Issue as referred to in paragraphs (a)(i) and (a)(ii) above, respectively, having been effected; and

(b) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme and (2) the commencement of trading of the Shares on the Main Board of the Stock Exchange, (i) the adoption of the Share Option Scheme was approved and (ii) the Board was authorized to allot, issue and deal with Shares pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme.

4. Our Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. For more information, see "History and Reorganization".

5. Changes in the Share Capital of Our Subsidiaries

Our principal subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. Save for the principal subsidiaries mentioned in the Accountants' Report, we do not have any other principal subsidiaries.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

First MOMA Human Environment Architectural Engineering Co., Ltd.

On November 8, 2018, the registered capital of First MOMA Human Environment Architectural Engineering Co., Ltd. increased from RMB5,000,000 to RMB30,000,000.

Guangdong First Property Service Co., Ltd.

On March 21, 2019, the registered capital of Guangdong First Property Service Co., Ltd. decreased from RMB50,000,000 to RMB5,000,000.

Save as disclosed above and in the section headed "History and Reorganization" of this prospectus, there have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. Repurchases of Our Own Securities

This section contains information required by the Stock Exchange to be included in this prospectus concerning the buy-back by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up 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 the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on September 25, 2020, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and recognized by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Share Subdivision, 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 and any options which may be granted under the Share Option Scheme), and the Repurchase Mandate shall expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by any applicable law(s) or by the Articles of Association, or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first.

(ii) Source of Funds

Repurchases of Shares by us must be paid out of funds legally available for the purpose in accordance with our Memorandum and Articles of Association, the Listing Rules and the Companies Law. We are not permitted to repurchase our 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) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities, if the repurchase would result in the number of listed securities, which are in the hands of the public, falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be canceled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and (ii) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not make any repurchase of shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

Our Directors believe that the grant of a general mandate to repurchase Shares to our Directors is in the best interests of our Company and our Shareholders as a whole. Repurchases may, depending on the market conditions, funding arrangement and other circumstances, result in an increase in the net assets and/or earnings per Share. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of Repurchases

Repurchases must be paid out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Companies Law, the Memorandum and the Articles, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Companies Law, the Memorandum and the Articles, out of capital.

There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate were to be carried out in full at any time during the effective period of the Repurchase Mandate. However, our Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 1,000,000,000 Shares in issue immediately following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering and assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme, could accordingly result in up to approximately 100,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person, as defined in the Listing Rules, of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of any repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and 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 consequences which would arise under the Takeovers Code because of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the total number of Shares then in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) the Hong Kong Underwriting Agreement;

(b) the Deed of Indemnity;

(c) An equity transfer agreement dated July 16, 2019 entered into between Hunan Liuyang Lihuacheng Real Estate Development Co., Ltd. (湖南瀏陽禮花城房地產開發有限公司) (as transferor), Hunan First Property Services Co., Ltd. (湖南第一物業服務有限公司) (as transferee) and Liuyang New Concept Property Management Co., Ltd. (瀏陽市新概念物業管理有限責任公司) for the transfer of Liuyang New Concept Property Management Co., Ltd.'s registered capital of RMB255,000, representing 51% of the equity interests in Liuyang New Concept Property Management Co., Ltd. at nil consideration;

(d) An equity transfer agreement dated February 28, 2020 entered into between Zhenjiang Zaiqing Business Information Consulting Partnership (Limited Partnership) (鎮江載慶商務信息諮詢合夥企業(有限合夥)) (as transferor) and First Property Management (as transferee) for the transfer of First Living's registered capital of RMB25,240,754, representing approximately 72.1166% of the equity interests in First Living at a consideration of RMB180,291,500;

(e) An equity transfer agreement dated March 10, 2020 entered into between First Property Management (as seller), First Assets (as buyer) and First Yutingchun Property Services (Beijing) Co., Ltd. (第一玉庭春物業服務(北京)有限公司) (now known as First Green Ecological Technology (Beijing) Co., Ltd. (第一綠色生態科技(北京)有限公司)) for the transfer of First Yutingchun Property Services (Beijing) Co., Ltd.'s registered capital of RMB100,000, representing 100% of the equity interests in First Yutingchun Property Services (Beijing) Co., Ltd. at a consideration of RMB339,810.72;

(f) An equity transfer agreement dated March 18, 2020 entered into between Liu Peiqing (as seller), First Property Management (as buyer) and Xi'an First Jingniang Culture Media Co., Ltd. (西安第一精釀文化傳媒有限公司) for the transfer of Xi'an First Jingniang Culture Media Co., Ltd.'s registered capital of RMB150,000, representing 7.32% of the equity interests in Xi'an First Jingniang Culture Media Co., Ltd. at a consideration of RMB20,571.88;

(g) An equity transfer agreement dated March 18, 2020 entered into between Wang Song (as seller), First Property Management (as buyer) and Xi'an First Jingniang Culture Media Co., Ltd. (西安第一精釀文化傳媒有限公司) for the transfer of Xi'an First Jingniang Culture Media Co., Ltd.'s registered capital of RMB50,000, representing 2.44% of the equity interests in Xi'an First Jingniang Culture Media Co., Ltd. at a consideration of RMB6,857.29;

(h) An equity transfer agreement dated March 18, 2020 entered into between Lu Xiaotong (as seller), First Property Management (as buyer) and Xi'an First Jingniang Culture Media Co., Ltd. (西安第一精釀文化傳媒有限公司) for the transfer of Xi'an First Jingniang Culture Media Co., Ltd.'s registered capital of RMB100,000, representing 4.88% of the equity interests in Xi'an First Jingniang Culture Media Co., Ltd. at a consideration of RMB13,714.59;

(i) An equity transfer agreement dated March 18, 2020 entered into between Xiao Zhaopeng (as seller), First Property Management (as buyer) and Xi'an First Jingniang Culture Media Co., Ltd. (西安第一精釀文化傳媒有限公司) for the transfer of Xi'an First Jingniang Culture Media Co., Ltd.'s registered capital of RMB200,000, representing 9.76% of the equity interests in Xi'an First Jingniang Culture Media Co., Ltd. at a consideration of RMB27,429.17;

(j) An equity transfer agreement dated March 18, 2020 entered into between Zhou He (as seller), First Property Management (as buyer) and Xi'an First Jingniang Culture Media Co., Ltd. (西安第一精釀文化傳媒有限公司) for the transfer of Xi'an First Jingniang Culture Media Co., Ltd.'s registered capital of RMB50,000, representing 2.44% of the equity interests in Xi'an First Jingniang Culture Media Co., Ltd. at a consideration of RMB6,857.29;

(k) An equity transfer agreement dated March 20, 2020 entered into between First Living (as transferor) and Guangzhou Jingchaoye Trade Co., Ltd. (廣州景朝業貿易有限公司) (as transferee) for the transfer of Shandong MOMA Environment Technology Co., Ltd.'s (山東摩碼環境科技有限公司) registered capital of RMB3,000,000, representing 100% of the equity interests in Shandong MOMA Environment Technology Co., Ltd. at a consideration of RMB1,523,995.40;

(l) An equity transfer agreement dated March 20, 2020 entered into between First Living (as transferor) and Guangzhou Jingchaoye Trade Co., Ltd. (廣州景朝業貿易有限公司) (as transferee) for the transfer of Zhengzhou MOMA Human Environment Technology Co., Ltd.'s (鄭州摩碼人居環境科技有限公司) registered capital of RMB1,000,000, representing 100% of the equity interests in Zhengzhou MOMA Human Environment Technology Co., Ltd. at a consideration of RMB992,809.32;

(m) An equity transfer agreement dated April 8, 2020 entered into between Zhang Lei (as transferor) and First Service Holding (Hong Kong) (as transferee) for the transfer of First Property Management's registered capital of RMB1,751,374, representing approximately 4.2045% of the equity interests in First Property Management at a consideration to be determined by the parties based on the valuation of First Property Management;

(n) A supplemental agreement dated April 8, 2020 entered into between Zhang Lei (as transferor) and First Service Holding (Hong Kong) (as transferee), pursuant to which Zhang Lei and First Service Holding (Hong Kong) agreed that the consideration for the transfer of First Property Management's registered capital of RMB1,751,374, representing approximately 4.2045% of the equity interests in First Property Management, shall be RMB4,350,078;

(o) An equity transfer agreement dated April 8, 2020 entered into between First Assets (as transferor) and First Service Holding (Hong Kong) (as transferee) for the transfer of First Property Management's registered capital of RMB26,916,113.4, representing approximately 64.6164% of the equity interests in First Property Management at a consideration to be determined by the parties based on the valuation of First Property Management;

(p) A supplemental agreement dated April 8, 2020 entered into between First Assets (as transferor) and First Service Holding (Hong Kong) (as transferee), pursuant to which First Assets and First Service Holding (Hong Kong) agreed that the consideration for the transfer of First Property Management's registered capital of RMB26,916,113.4, representing approximately 64.6164% of the equity interests in First Property Management, shall be RMB66,853,694;

(q) An investment cooperation agreement dated May 28, 2020 entered into between First Property Management (as original shareholder), Beijing Moni Investment Co., Ltd. (北京墨尼投資有限公司) (as investor) and Henan First Property Services Co., Ltd. (河南第一物業服務有限公司) for the transfer of Henan First Property Services Co., Ltd.'s registered capital of RMB494,900, representing 49% of the equity interests in Henan First Property Services Co., Ltd. at a consideration of RMB494,900;

(r) An equity transfer agreement dated May 29, 2020 entered into between First Assets (as transferor), and First Service Holding (Hong Kong) (as transferee) for the transfer of First Property Management's registered capital of RMB12,987,718.6, representing approximately 31.1791% of the equity interests in First Property Management at a consideration of RMB32,258,653;

(s) A share purchase agreement dated May 29, 2020 entered into among our Company, First Green Service, First Service Holding (Hong Kong), First Property Management, First Assets, Zhang Lei, Zhang Peng, Glorious Group, Cedar Group, Shanghai CDH Yaojia, Shanghai ODI, Shanghai Chuyuan and CICC Global, pursuant to which Shanghai CDH Yaojia, Shanghai ODI, Shanghai Chuyuan and CICC Global agreed to purchase from our Company 11.5232, 3.0008, 0.8347 and 1.2387 shares of par value US$1.00 each of our Company for a consideration of RMB60,000,000, RMB25,000,000, RMB10,000,025 and US$ equivalent of RMB8,462,400, respectively;

(t) A shareholders' agreement dated May 29, 2020 entered into among our Company, First Green Service, First Service Holding (Hong Kong), First Property Management, Zhang Lei, Zhang Peng, First Assets, Glorious Group, Cedar Group, Hao Fung, Aspire Global, Long Han Management, Liu Pei Qing Management, TZT Consulting, Xiao Tong Group, Shanghai CDH Yaojia, Shanghai ODI, Shanghai Chuyuan and CICC Global, in relation to, among others, certain special rights granted to certain Shareholders of our Company; and

(u) An agreement dated May 29, 2020 entered into among CICC Global, our Company, Glorious Group and First Assets in relation to certain special rights granted to CICC Global.

2. *Our Material Intellectual Property Rights*

As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
1		36	First Property Management	PRC	19309475	April 21, 2017	April 20, 2027
2		35	First Property Management	PRC	19309476	April 21, 2017	April 20, 2027
3		42	First Property Management	PRC	19309804	April 21, 2017	April 20, 2027
4		9	First Living	PRC	15916773	February 14, 2016	February 13, 2026
5		11	First Living	PRC	15921207	April 14, 2016	April 13, 2026
6		9	First Living	PRC	15926927	February 21, 2016	February 20, 2026
7		11	First Living	PRC	15927071	February 21, 2016	February 20, 2026
8		9	First Living	PRC	15916789	February 14, 2016	February 13, 2026
9		11	First Living	PRC	15921237	February 14, 2016	February 13, 2026
10		11	First Living	PRC	15921116	December 28, 2017	December 27, 2027
11		9	First Living	PRC	15920911	November 14, 2016	November 13, 2026
12		11	First Living	PRC	17297310	October 28, 2016	October 27, 2026
13		40	First Living	PRC	17298900	October 28, 2016	October 27, 2026
14		42	First Living	PRC	17299045	October 28, 2016	October 27, 2026

(b) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which are material to our business:

No.	Domain name	Registrant	Registration date	Expiry date
1	firstservice.hk	Our Company	June 16, 2020	June 16, 2021
2	www.firstpm.com.cn	First Property Management	February 19, 2009	February 19, 2022
3	www.firsthotel.com.cn	First Property Management	July 21, 2015	July 21, 2021
4	airdino.com.cn	First Living	January 16, 2015	January 16, 2023

(c) Patents

As of the Latest Practicable Date, we have registered the following patents which are material to our business:

No.	Patent	Category	Patentee	Place of registration	Patent Number	Application Date
1	Reheating water supply system through heat exchange (一種換熱式補熱給水系統)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	2015205093750	July 14, 2015
2	Flood lock device for garage (一種車庫防洪閘裝置)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	201520633379X	August 20, 2015
3	Microcirculation heat exchanger of ceiling system (天棚系統微循環換熱裝置)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	2015206333770	August 20, 2015
4	Microcirculation thermostat of ceiling system (天棚系統微循環調溫裝置)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	2015206333499	August 20, 2015
5	Energy saving exhaust device in elevator machine room (一種電梯機房自流節能排風裝置)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	2015206330202	August 20, 2015
6	Hot water microcirculation device (熱水微循環裝置)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	2015206327820	August 20, 2015

No.	Patent	Category	Patentee	Place of registration	Patent Number	Application Date
7	Hot water microcirculation thermostat (熱水微循環調溫裝置)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	2015206327591	August 20, 2015
8	Flue repair detection device (煙道維修探測裝置)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	2015206327483	August 20, 2015
9	Micro-power energy saving ventilation device for cooling in elevator machine room (一種電梯機房降溫微動力節能通風裝置)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	2015206323995	August 20, 2015
10	Water recovery green irrigation system (水回收綠化澆灌系統)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	2016202264102	March 23, 2016
11	Automatic alarm device for rain sewage well (雨污水井自動報警裝置)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	2017212019775	September 19, 2017
12	Cooling system of elevator control cabinet inverter based on semiconductor refrigeration equipment (基於半導體製冷設備的電梯控制櫃變頻器的降溫系統)	Utility model	Beijing Lanlv Xiangjian Technology Co., Ltd	PRC	2017212214388	September 22, 2017
13	Purification device introducing fresh air (一種帶新風功能的淨化器設備)	Utility model	First Living	PRC	2015205892185	August 7, 2015

No.	Patent	Category	Patentee	Place of registration	Patent Number	Application Date
14	Indoor air conditioning unit with independent temperature and humidity control for radiant air conditioning system (用於輻射空調系統的戶式溫濕獨立控制空調機組)	Utility model	First Living	PRC	2015206550058	August 27, 2015
15	Fresh air purifier with double fans (一種具有雙風機的新風淨化器)	Utility model	First Living	PRC	2016200077826	January 5, 2016
16	Full heat exchange purification device with inner loop purification function (一種帶內迴圈淨化功能的全熱交換淨化裝置)	Utility model	First Living	PRC	2017214719705	November 7, 2017
17	Fresh air fan with humidifying function (一種帶加濕功能的新風機)	Utility model	First Living	PRC	2019200075595	January 3, 2019
18	Structure and fabricated passive house used for the thermal bridge treatment of fabricated passive house (用於裝配式被動房熱橋處理的結構及其裝配式被動房)	Utility model	First Living	PRC	2019208299344	June 4, 2019
19	Intelligent fall detection device, alarm device, system, floor and building (智能跌倒檢測裝置、報警裝置、系統、地板及建築)	Utility model	First Living	PRC	201921106797.8	July 16, 2019
20	New radiation unit of household air conditioning system (一種新型分戶式空調輻射機組)	Utility model	First Living	PRC	2015211366223	December 30, 2015

No.	Patent	Category	Patentee	Place of registration	Patent Number	Application Date
21	Fresh air fan with open and closed cover for the replacement of fan screen and ceiling fan (formerly known as: fresh air fan with a lower open cover structure) (用於風機濾網更換的具有開合蓋板的面板及其吊頂新風機(原名：一種具有下開蓋結構的新風機))	Utility model	First Living	PRC	2019200155814	January 3, 2019
22	Air purification equipment and fresh air system with a structure detecting the life of filter section (一種具有檢測過濾段壽命結構的空氣淨化設備及新風系統)	Utility model	First Living	PRC	201920075538	January 3, 2019
23	Negative oxygen ion fresh air system (負氧離子新風系統)	Utility model	First Property Management	PRC	201921060576.1	July 8, 2019

As of the Latest Practicable Date, we have applied for the registration of the following patents which are material to our business:

No.	Patent	Category	Applicant	Application number	Application date
1	Intelligent traffic management system for underground garage (地下車庫智能交通管理系統)	Invention Patent	Beijing Lanlv Xiangjian Technology Co., Ltd	2017109149744	September 30, 2017
2	Temperature control system in elevator machine room (一種電梯機房控溫系統)	Utility model	First Property Management	2020208555856	May 20, 2020
3	Elevator control system (一種電梯控制系統)	Utility model	First Property Management	2020208555409	May 20, 2020

(d) Copyrights

As of the Latest Practicable Date, we have registered the following copyrights which are material to our business:

No.	Copyright	Registrant	Registration No.	Place of registration	Date of registration
1	Control system of solar energy heating device (太陽能補熱裝置控制系統)	First Property Management	2019SR0557913	PRC	June 3, 2019
2	Fresh air detection and control system (新風檢測控制系統)	First Property Management	2019SR0564202	PRC	June 3, 2019
3	Fresh air system for PM2.5 automatic collection and control (PM2.5自動採集控制新風系統)	First Property Management	2019SR0563403	PRC	June 3, 2019
4	Septic tank sewage detection and control system (化糞池污水檢測控制系統)	First Property Management	2019SR0557903	PRC	June 3, 2019
5	Mobile inspection software (iOS) (移動驗房軟件（iOS版）)	First Property Management	2017SR269288	PRC	June 15, 2017
6	Process and Standardized management system software of First Property Management (第一物業流程與標準化管理系統軟件)	First Property Management	2011SR045949	PRC	July 11, 2011
7	Business and finance integrated central system (業財一體化中台系統)	Beijing MOMA Infinite Technology Management Co., Ltd.	2019SR0808679	PRC	August 5, 2019

No.	Copyright	Registrant	Registration No.	Place of registration	Date of registration
8	First property applet software (第一物業小程式軟體)	Beijing MOMA Infinite Technology Management Co., Ltd.	2019SR0800442	PRC	August 1, 2019
9	Abnormal running water alarm system for water pump room (水泵房異常跑水報警系統)	Beijing Lanlv Xiangjian Technology Co., Ltd.	2019SR0594716	PRC	June 11, 2019
10	air pumping cooling control system for elevators at negative layer (電梯負一層抽氣降溫控制系統)	Beijing Lanlv Xiangjian Technology Co., Ltd.	2019SR0592688	PRC	June 11, 2019
11	Micro-power exhaust air control system for elevator machine room (電梯機房微動力排風調節系統)	Beijing Lanlv Xiangjian Technology Co., Ltd.	2019SR0593015	PRC	June 11, 2019
12	Hot water microcirculation control system (熱水微循環控制系統)	Beijing Lanlv Xiangjian Technology Co., Ltd.	2019SR0592997	PRC	June 11, 2019
13	Temperature control system for ceiling system (天棚系統溫控系統)	Beijing Lanlv Xiangjian Technology Co., Ltd.	2019SR0587895	PRC	June 10, 2019
14	Residual electric quantity alarm system for small residential owner (小業主餘電量報警系統)	Beijing Lanlv Xiangjian Technology Co., Ltd.	2019SR0590611	PRC	June 10, 2019
15	Natural light tracing and control system (自然光採光跟蹤控制系統)	Beijing Lanlv Xiangjian Technology Co., Ltd.	2019SR0590293	PRC	June 10, 2019

No.	Copyright	Registrant	Registration No.	Place of registration	Date of registration
16	Anti-blocking alarm system for rain water pipe (雨水管防堵報警系統)	Beijing Lanlv Xiangjian Technology Co., Ltd.	2019SR0590607	PRC	June 10, 2019
17	Automatic flood gate control system (自動防洪閘控制系統)	Beijing Lanlv Xiangjian Technology Co., Ltd.	2019SR0590057	PRC	June 10, 2019
18	PCBA supplied material interface screening system (PCBA來料各接口篩選系統)	First Living	2016SR242633	PRC	August 31, 2016
19	Outdoor fresh air and indoor circulation switching application system for residence (基於住宅的室外新風和室內循環切換應用系統)	First Living	2016SR242629	PRC	August 31, 2016
20	Cloud platform of green technology industrial chain of Modern Land V1.0 (當代置業綠色科技全產業鏈雲平台V1.0)	First Living	2020SR0108638	PRC	January 20, 2020
21	Science and technology energy system V1.0 (科技能源系統V1.0)	First Living	2020SR0108631	PRC	January 20, 2020
22	Cloud platform of green technology energy information V1.0 (綠色科技能源信息雲平台V1.0)	First Living	2020SR0108623	PRC	January 20, 2020

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, designs, intellectual or industrial property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and the Chief Executive of Our Company

Immediately following the completion of the Share Subdivision, 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 or any Shares that may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme, the interests or short positions (if applicable) of our Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) (i) 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), (ii) which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or (iii) which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed, will be as follows:

(i) Interest in our Company

		Immediately after the Share Subdivision, the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised)	
Name of Director	**Nature of Interest**	**Number of Shares held**	**Approximate percentage of shareholding interest** *(Note 1)*
Mr. Zhang Peng	Interest in controlled corporation *(Note 2)*	170,777,250	17.1%
Mr. Liu Peiqing	Interest in controlled corporation *(Note 3)*	10,511,250	1.1%
Mr. Long Han	Interest in controlled corporation *(Note 4)*	10,511,250	1.1%

Notes:

(1) The calculation is based on the total number of Shares in issue immediately following the completion of the Share Subdivision, the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme).

(2) The Shares are registered under the name of Hao Fung, which is wholly owned by Mr. Zhang Peng. Accordingly, Mr. Zhang Peng is deemed to be interested in all the Shares held by Hao Fung.

(3) The Shares are registered under the name of Liu Pei Qing Management, which is wholly owned by Mr. Liu Peiqing. Accordingly, Mr. Liu Peiqing is deemed to be interested in all the Shares held by Liu Pei Qing Management.

(4) The Shares are registered under the name of Long Han Management, which is wholly owned by Mr. Long Han. Accordingly, Mr. Long Han is deemed to be interested in all the Shares held by Long Han Management.

(ii) Interest in associated corporations of our Company

Name of Director	Name of associated corporation	Nature of interest	Amount of share capital held	Approximate percentage of shareholding interest
Mr. Zhang Peng	First Living *(Note 1)*	Beneficial owner	RMB1,317,400	3.8%
Mr. Jia Yan	First Living *(Note 1)*	Beneficial owner	RMB1,221,900	3.5%

Note:

(1) First Living is a non-wholly owned subsidiary of our Company and thus an associated corporation of our Company.

(b) Interests of the Substantial Shareholders

Save as disclosed in “Substantial Shareholders” and in “— (c) Interests in Other Members of our Group” below, immediately following the completion of the Share Subdivision, 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 or the exercise of any options which may be granted pursuant to the Share Option Scheme, our Directors or chief executive are not aware of any other person (other than a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries.

(c) Interests in Other Members of our Group

So far as our Directors are aware, as of the Latest Practicable Date, the following persons (excluding us) are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Name of subsidiary	Name of shareholder	Registered capital	Approximate % of interest
Taiyuan Zhanlan Laundry Management Services Co., Ltd.	Cao Man	RMB200,000	20%
Handan Congtai District Shenlv Property Services Co., Ltd.	Zhongrong Heshun Property (Beijing) Co., Ltd.	RMB1,000,000	49%
Yingkou Shenlv Property Services Co., Ltd.	Liaoning Linchang Real Estate Group Co., Ltd.	RMB1,000,000	49%
Heze Shenlv Property Services Co., Ltd.	Xi Hongchang	RMB3,000,000	49%
Chizhou Jiuhuashan Scenic Area Shenlv Property Management Services Co., Ltd.	Beijing Tonghe Property Management Co., Ltd.	RMB1,000,000	49%
Taiyuan Jinli Culture Media Co., Ltd.	Li Kaiyu	RMB100,000	49%
Xuchang Shenlv Property Management Co., Ltd.	Henan Shangbang Property Services Co., Ltd.	RMB1,000,000	49%
Taiyuan Modern Shenlv Property Services Co., Ltd.	Shanxi Wanxing Group Co., Ltd	RMB1,000,000	49%
Anhui Shenlv Property Services Co., Ltd.	Anhui Binrui Property Services Co., Ltd.	RMB5,000,000	30%
Hunan Tinghao Property Services Co., Ltd.	Liu Jian	RMB2,000,000	49%
Nanchang MOMA Shengyu Property Services Co., Ltd.	Jiangxi Shengyu Property Management Co., Ltd.	RMB500,000	49%

Name of subsidiary	Name of shareholder	Registered capital	Approximate % of interest
Miluo Shenlv Property Services Co., Ltd.	Miluo Luojiang No. 9 Property Co., Ltd.	RMB500,000	49%
Zhenjiang Shenlv Property Services Co., Ltd.	Zhenjiang Zhihe Property Management Co., Ltd.	RMB1,000,000	40%
Dalian Shenlv Property Services Co., Ltd.	Fu Chunhai	RMB1,000,000	49%
Liuyang New Concept Property Management Co., Ltd.	Hunan Liuyang Lihuacheng Real Estate Development Co., Ltd.	RMB500,000	49%
Changsha MOMA Xuhai Property Services Co., Ltd.	Hunan Xuhai Investment Co., Ltd.	RMB500,000	49%
Inner Mongolia First Property Services Co., Ltd.	Sun Jianhua	RMB1,000,000	49%
Shaoyang Shenlv Zhonglian Property Services Co., Ltd.	Zheng Pingfu	RMB500,000	25%
	Yao Chunhua		24%
Hunan Zhuoyi Property Services Co., Ltd.	Hunan Shengshi Haimeng Real Estate Development Co., Ltd.	RMB2,000,000	49%
Henan First Property Services Co., Ltd.	Beijing Moni Investment Co., Ltd.	RMB1,010,000	49%
Wuhai Shenlv Property Services Co., Ltd.	Zhang Xiaojiang	RMB1,000,000	33%
Shanxi Lanlv Property Services Co., Ltd.	Shanxi Chendin Business Management Co., Ltd.	RMB1,000,000	49%
Shanxi Julv Property Services Co., Ltd.	Shanxi Tonglu Investment Co., Ltd.	RMB1,000,000	49%
Shanxi Green Property Services Co., Ltd.	Shanxi Yilifang Technology Co., Ltd.	RMB1,000,000	49%

Name of subsidiary	Name of shareholder	Registered capital	Approximate % of interest
Honghu Shenlv Yimei Property Services Co., Ltd.	Honghu Lingxiu Property Services Co., Ltd.	RMB500,000	49%
Xianning Shenlv Tonghui Property Services Co., Ltd.	Hubei Tonghui Business Management Co., Ltd.	RMB500,000	49%
Qianjiang Zhanlan Enjie Property Services Co., Ltd.	Hubei Enjie Property Management Co., Ltd.	RMB500,000	49%
Linquan Zhanlan Property Services Co., Ltd.	Anhui Chunli Property Management Co., Ltd.	RMB3,000,000	49%
Shaanxi Guorun Shenlv Property Management Co., Ltd.	Xi'an Guorun Property Management Co., Ltd.	RMB1,000,000	25%

2. *Directors' Service Contracts and Letters of Appointment*

Each of our executive Directors has entered into a service contract with our Company on September 28, 2020, and we have issued a letter of appointment to each of our non-executive Directors and each of our independent non-executive Directors. The service contracts with each of our executive Directors and the letters of appointment with each of our non-executive Directors and each of our independent non-executive Directors are for an initial fixed term of three years commencing from September 28, 2020. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Memorandum and Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered or has proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. *Directors' Remuneration*

In 2017, 2018, 2019 and the four months ended April 30, 2020, the aggregate remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid by us to our Directors were approximately RMB1,673,000, RMB2,264,000, RMB2,363,000 and RMB807,000, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of 2017, 2018, 2019 and the four months ended April 30, 2020, by any of member of our Group to any of our Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending December 31, 2020 to be approximately RMB2.8 million.

4. Directors' Competing Interests

None of our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or any 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 he/she is taken or deemed to have taken 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 in that section, or 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, in each case once the Shares are listed on the Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares, which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries;

(c) none of our Directors nor any of the persons listed in the subparagraph headed "— E. Other Information — 5. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, 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;

(d) none of our Directors nor any of the persons listed in the subparagraph headed "— E. Other Information — 5. Qualification of Experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;

(e) save in connection with Underwriting Agreements, none of the persons listed in the subparagraph headed "— E. Other Information — 5. Qualification 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;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) save as contemplated under the Underwriting Agreements, none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by our Shareholders on September 25, 2020 and its implementation is conditional on the Listing.

For the purpose of this section only, unless the context otherwise requires, the following words shall have the following meanings:

"Eligible Person"	means any director or Employee of our Group who in the sole discretion of our Board has contributed or will contribute to our Group;
"Employee"	means any employee or officer of any member of our Group;
"Grantee"	means any Eligible Person who accepts an offer in accordance with the terms of the Scheme or (where the context so permits) any person entitled to exercise any option in consequence of the death of the original Grantee; and
"Offer Date"	means the date on which an offer of the grant of an option is made to an Eligible Person which date must be a business day.

1. Purpose

The purpose of the Share Option Scheme is to provide our Company with a means of incentivizing the Eligible Persons and retaining Employees, and to encourage Employees to work towards enhancing the value of our Company and promote the long-term growth of our Company. The Share Option Scheme will link the value of our Company with the interests of the Eligible Persons, enabling the Eligible Persons and our Company to develop together and promoting our Company's corporate culture.

2. Who may participate

Subject to the terms of the Share Option Scheme, our Board shall be entitled at any time within the period of 10 years after the adoption date to grant options to any Eligible Person as our Board may in its absolute discretion select.

3. Grant of options to connected persons or any of their associates

Each grant of options to a Director (including an independent non-executive Director) of our Company, chief executive or substantial Shareholder of our Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the options).

Where any grant of options to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option schemes of our Company (including options exercised, canceled and outstanding) to such person in the 12 month period up to and including the date of such grant:

- representing in aggregate over 0.1% of the Shares in issue; and
- having an aggregate value, based on the closing price of the Shares as stated on the Stock Exchange on the date of such grant, in excess of HK$5 million,

such grant of options must be approved by our Shareholders in general meeting. Our Company will send a circular to our Shareholders in accordance with the Listing Rules and the Grantee, his associates and all core connected persons of our Company shall abstain from voting in favor of the resolution to approve such grant of options.

4. Restrictions on the time of grant of options

No offer shall be made and no option shall be granted to any Eligible Persons in circumstances prohibited by the Listing Rules at a time when the Eligible Persons would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period; and

- the deadline for our Company to publish its interim or annual results announcement under the Listing Rules,

and ending on the date of actual publication of such results announcement.

5. Exercise price

The exercise price shall be a price determined by our Board at our Board's absolute discretion and notified to an Eligible Person but in any event shall be at least the higher of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the Offer Date;

- the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date (provided that the new issue price shall be used as the closing price for any business day falling within the period before listing of the Shares where our Company has been listed for less than five business days or at the Offer Date); and

- the nominal value of a Share on the Offer Date,

provided that, for the purpose of determining the exercise price where the Shares have been listed on the Stock Exchange for less than five business days, the issue price of the Shares in our Company's global offering of the Shares shall be used as the closing price of the Shares for any business day falling within the period before the listing of the Shares on the Stock Exchange.

Participants are required to pay HK$1.00 as consideration for the acceptance of an option granted to them.

6. *Maximum number of Shares*

(i) The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and all other share option schemes existing at such time of our Company shall not in aggregate exceed 100,000,000 Shares, being 10% of the total number of Shares in issue as of the Listing Date (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

Our Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company under the limit as refreshed must not exceed 10% of the Shares in issue as of the date of approval of the renewal of the Scheme Mandate Limit. Options previously granted under the existing share option schemes of our Company (including those outstanding, canceled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit. Our Company shall send a circular to our Shareholders containing the information required under the Listing Rules.

(ii) Notwithstanding the foregoing, our Company may grant options beyond the Scheme Mandate Limit to Eligible Persons if:

- separate Shareholders' approval has been obtained for granting options beyond the Scheme Mandate Limit to Eligible Persons specifically identified by our Company before such Shareholders' approval is sought; and

- our Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.

(iii) Subject to paragraph (iv) below, the maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted to any Eligible Persons under the Share Option Scheme and any other share option schemes of our Company (including exercised, canceled and outstanding options) in any 12 month period shall not at the time of grant exceed 1% of the Shares in issue.

(iv) Where any further grant of options to an Eligible Person would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Person (including exercised, canceled and outstanding options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Eligible Person and his associates abstaining from voting. Our Company must send a circular to our Shareholders containing the information required under the Listing Rules.

(v) At any time, the maximum number of Shares which may be issued upon exercise of all options which then have been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of our Company shall not exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

7. Time of exercise of options

Subject to the terms of grant of any option, an option may be exercised by the Grantee at any time during the option period and in accordance with the vesting schedule and other terms specified in the offer.

8. Duration of the Share Option Scheme

No option may be vested more than 10 years after the Offer Date. Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date.

9. Performance targets

Subject to such terms and conditions as our Board may determine, there is no minimum period for which an option must be held before it can be exercised and no performance target needs to be achieved by the Grantee before the options can be exercised.

10. Rights attaching to the Shares

(i) Dividends and voting rights

Shares issued on the exercise of an option will rank equally in all respects with the Shares in issue on the date of exercise of the option. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of exercise of the option.

(ii) Restrictions on transfer

An option shall be personal to the Grantee and shall not be assignable nor transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favor of any third party over or in relation to any option.

11. Amendments to the Share Option Scheme

Save for certain specific provisions, our Board may alter any of the other terms of the Share Option Scheme. Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Grantees, and changes to the authority of our Board in relation to any alteration of the terms of the Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of options granted, must also, to be effective, be approved by our Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

12. Effects of alterations to share capital

In the event of any alteration to the capital structure of our Company while any option has been granted or remains exercisable, whether by way of capitalization issue, rights issue, subdivision or consolidation of shares or reduction of share capital of our Company (but excluding any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), adjustments (if any) shall be made at our Board's discretion to:

(i) the number of Shares to be issued on exercise of the options; and/or

(ii) the exercise price of the options.

The auditors or financial advisors engaged by our Company for the purpose of adjustments shall certify in writing to our Board that such adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes (the "**Supplemental Guidance**"). The capacity of the auditors or financial advisors is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the Grantees.

Any such adjustments shall give the Grantees the same proportion of the equity capital of our Company and any adjustments to the advantage of the Grantees to the exercise price or to the number of Shares subject to the options must be approved by our Shareholders in general meeting, and no adjustment may be made to the extent that Shares would be issued at less than their nominal value. In addition, any adjustment to be made will comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

13. Rights on termination of employment

If the Grantee ceases to be an Eligible Person by reason of the termination of his/her employment, appointment or directorship, the option shall lapse on the date of cessation and not be exercisable. The date of such cessation shall be his/her last actual working day at his/her work place with our Group whether salary is paid in lieu of notice or not.

14. Rights on death

If the Grantee of an outstanding option dies before exercising his/her option, such option may be exercised by his/her personal representative(s) within a period of six months following the date of his/her death.

15. Rights on a general offer by way of voluntary offer or takeover

In the event of a general offer by way of voluntary offer or takeover (other than by way of scheme of arrangement) being 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 association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, our Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company at any time within such period as shall be notified by our Company.

16. Rights on a general offer by way of scheme of arrangement

In the event of a general offer by way of scheme of arrangement being made to all our Shareholders and approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.

17. Rights on winding up

In the event a notice is given by our Company to our Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

18. Rights on retirement

In the event the date of retirement of a Grantee falls before the date of the Grantee exercising the option in full, the Grantee shall be entitled to exercise the option within period of six months from the date of retirement.

19. Rights on a compromise or arrangement

In the event of a compromise or arrangement (other than a scheme of arrangement) between our Company and our Shareholders and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as we first give notice of the meeting to our Shareholders and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

20. Lapse of option

The right to exercise an option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- the expiry of the option period;
- the date of cessation referred to in paragraph 13;
- the date of cessation referred to in paragraph 18;
- the expiry of any of the periods referred to in paragraph 14;

- the expiry date specified in the notice from our Company referred to in paragraph 15;
- subject to the scheme of arrangement becoming effective, the expiry date specified in the notice from our Company referred to in paragraph 16;
- the date of the commencement of the winding-up of our Company;
- the date on which the Grantee ceases to be an Eligible Person by reason of the termination of his employment, appointment or directorship on the grounds that he has been guilty of serious misconduct or has been convicted of any criminal offense involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his/her employment summarily;
- any other expiration events as our Company may notify the Grantee from time to time;
- the date on which the Grantee commits a breach by selling, transferring, charging, mortgaging, encumbering or creating any interest in favor of any third party over or in relation to any option;
- where the Grantee is an employee or director of a member of our Group (other than our Company), the date on which such member ceases to be a member of our Group;
- unless our Board otherwise determines, and other than in the circumstances listed above, the date the Grantee ceases to be an Eligible Person (as determined by a Board resolution) for any reason; and
- the date on which the option is canceled by our Board as provided in paragraph 22.

21. Termination of the Share Option Scheme

Our Company, by ordinary resolution in general meeting, or our Board, may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

22. Cancelation of option

Our Company may cancel any option granted but not exercised at any time. Where our Company cancels options and offers options to the same Grantee, the offer of such new options may only be made with available options to the extent not yet granted (excluding the canceled options) within the Scheme Mandate Limit.

23. General

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be issued pursuant to the exercise of the options which may be granted pursuant to the Share Option Scheme.

As of the Latest Practicable Date, no option had been granted or agreed to be granted by our Company pursuant to the Share Option Scheme.

Details of the Share Option Scheme, including particulars and movements of the options granted during each financial year of our Company, and our employee costs arising from the grant of the options will be disclosed in our annual report.

E. OTHER INFORMATION

1. Estate Duty and Tax Indemnity

Glorious Group and First Assets have entered into the Deed of Indemnity dated September 28, 2020 with and in favor of our Company (for itself and as trustee for its subsidiaries) whereby Glorious Group and First Assets have jointly and severally given indemnities in connection with, among other things, 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 Group on or before the Listing Date, and other taxation (including all fines, penalties, costs, charges, expenses and interests relating to 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 in the combined financial information of our Group as set out in Appendix I (the "**Accounts**");

(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.

In addition, Glorious Group and First Assets have also given indemnities to our Company (for itself and as trustee for its subsidiaries) against all fines, penalties, claims, costs, charges, interest, expenses, losses and liabilities (to the extent that provision, reserve or allowance has not been made for such fines, penalties, claims, costs, charges, interest, expenses, losses and liabilities in the Accounts) incurred by any member of our Group after the Listing directly or indirectly resulting from any non-compliance of any member of our Group with the applicable laws and regulations as disclosed in "Business — Legal Proceedings and Compliance — Compliance" of this prospectus.

2. *Litigation*

As of the Latest Practicable Date, save as disclosed in "Business — Legal Proceedings and Compliance", no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. *Sole Sponsor*

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and the permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), and the Shares to be issued pursuant to the exercise of the options which may be granted pursuant to the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Please refer to "Underwriting — Sole Sponsor's Independence" for details regarding the independence of the Sole Sponsor.

The fees payable to the Sole Sponsor are US$1.0 million and are payable by our Company.

4. *No Material Adverse Change*

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since April 30, 2020 (being the date to which the latest combined financial statements of our Group were prepared).

5. *Qualification of Experts*

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this prospectus:

Name	Qualification
Haitong International Capital Limited	Licensed under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined under the SFO
KPMG	Certified Public Accountants; Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Han Kun Law Offices	Legal advisors as to PRC law
Maples and Calder (Hong Kong) LLP	Legal advisors as to Cayman Islands laws
China Index Academy	Industry consultant

6. *Consents of Experts*

Each of the experts as referred to in "— E. Other Information — 5. Qualification of Experts" above in this Appendix has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their report(s) and/or letter(s) and/or opinion (as the case may be) and references to their names included in the form and context in which they respectively appear.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

7. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor is 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.

8. Preliminary Expenses

The preliminary expenses incurred by our Company were approximately US$6,920 and were payable by us.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. 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 the Chinese language version of this prospectus, the English language version shall prevail.

11. Miscellaneous

(a) Save as disclosed in this prospectus:

(i) within the two years immediately preceding the date of this prospectus, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up 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) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(iv) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and

(vi) there is no arrangement under which future dividends are waived or agreed to be waived.

(b) Our Directors confirm that:

(i) since April 30, 2020 (being the date on which the latest combined financial statements of our Group were made up), there has been no material adverse change in our financial or trading position or prospects;

(ii) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus; and

(iii) our Company has no outstanding convertible debt securities or debentures.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) copies of each of the material contracts referred to in "Appendix IV — Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" to this prospectus; and

(c) the written consents referred to in "Appendix IV — Statutory and General Information — E. Other Information — 6. Consents of Experts" to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Miao & Co. (in association with Han Kun Law Offices), Rooms 3901-05, 39/F., Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association;

(b) the Accountants' Report for the years ended December 31, 2017, 2018 and 2019 and the four months ended April 30, 2020 prepared by KPMG, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information prepared by KPMG, the text of which is set out in Appendix II to this prospectus;

(d) the legal opinions issued by Han Kun Law Offices, our PRC Legal Advisor, in respect of certain aspects of our Group and the property interests of our Group;

(e) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our Cayman legal advisor, summarizing certain aspects of the Cayman Islands Companies Law referred to in Appendix III to this prospectus;

(f) the industry report issued by China Index Academy;

(g) the material contracts referred to in "Appendix IV — Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" to this prospectus;

(h) the written consents referred to in "Appendix IV — Statutory and General Information — E. Other Information — 6. Consents of Experts" to this prospectus;

(i) service contracts and letters of appointment referred to in "Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Directors' Service Contracts and Letters of Appointment" to this prospectus;

(j) the rules of the Share Option Scheme;

(k) the Cayman Islands Companies Law; and

(l) the audited combined financial statements of our Company for the Track Record Period.